Commonwealth of Virginia

"An Analysis of Means and Alternatives for Expanding Affordable, Accessible Housing For Persons With Disabilities And Frail Elders Statewide"

FINAL REPORT PREPARED BY

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EXECUTIVE SUMMARY

The Department of Housing and Community Development, the Disability Commission, and the Virginia Housing Development Authority contracted with the NCB Development Corporation (NCBDC) and the Technical Assistance Collaborative, Inc. (TAC) to analyze current challenges and opportunities to expanding affordable housing and related service supports for persons with disabilities and frail elders statewide.

The contract award from the three agencies was in response to three legislative initiatives from the General Assembly of Virginia (HB813 and House Joint Resolutions 236 and 251).

NCBDC and TAC began their work in November, 2002. The scope of activities can be divided into three major areas. The first phase was the review and analysis of current housing related resources to develop a statewide picture of utilization of existing federal, state, and local funding streams. The second major area of review was an analysis of state allocation of resources to meet the related service needs of Virginians who are aging and/or disabled. The third and final phase of activity was the analysis of the information and data collected to develop specific recommendations for addressing unmet housing and related service needs for the two targeted low-income populations statewide.

This report presents the findings from a six month period of information collection, research, and analysis. The report has eight sections:

I. Introduction
II. Social, Economic, Political Context for Decision-making
III. Housing Needs and Housing Affordability
IV. Housing and Service Approaches for Frail Elders
V. Current Supportive Service Approaches
VI. Opportunities and Barriers in the Affordable Housing System
VII. Recommendations
VIII. Appendices with Examples of Promising Practices from Other States

The current political context presents at a national and state level a unique environment to evaluate current direction and allocation of public resources. The 1999 U.S. Supreme Court's *Olmstead* decision and subsequent push from the federal government make it clear that there is an expectation of fundamental system changes at the state and local levels that will result in expansion of community living opportunities for persons who are aging and/or disabled. However, current budget constraints at a federal and state level will require all stakeholders in and outside of government to take a fresh look at how current dollars are expended and what strategies might be employed to improve levels of collaboration within government, reinvest current resources in new ways, and stimulate public and private sector investment to respond to unmet housing and related service needs for the two targeted populations.

The proposed recommendations incorporate four core principles which should be integrated into all housing strategies: affordability; independence; accessibility; and integration. The recommendations direct attention to six areas of focus:

a. Affordable housing choices for individuals with disabilities
b. Affordable assisted living for frail elders
c. Accessible housing choices
d. Home ownership opportunities
e. Supportive services
f. Education and leadership development

Multiple recommendations have been developed within these six areas of focus. Each recommendation has been informed by the NCBDC/TAC research and shaped by experiences in policy development and lessons learned from states nationwide. There is no single recommendation that will immediately respond completely to current unmet demand for affordable and accessible housing choices statewide. There is no single agency action that will rapidly change current market conditions. However, it is the combination of strategies and coordinated actions proposed that can build on Virginia's leadership potential at a state and community level in the public and private sectors to move forward effectively to expand housing choices and supportive services for low-income seniors and persons with disabilities.

RECOMMENDATION CHART AT A GLANCE

Focus Area	Recommendation	Action
A. Affordable Housing Choices for Persons with Disabilities	1. Increase the number of affordable housing units for people with disabilities through the development of a demonstration project to create 200 new affordable units for people with disabilities.	**Implement a Demonstration Project that is a partnership between DHCD, VHDA, and other state agencies to develop and implement a new housing production strategy linked to rent or operating subsidies that will increase the supply of rental units that are targeted to people with disabilities with SSI level incomes. The project is a first step in building a collaborative funding model with multiple state agency supports that can help become standard practice in the future. The housing would be scattered site and part of mixed income development financed with federal Low Income Housing Tax Credits with possible additional support of HOME or CDBG funding and/or Section 8 project based assistance in coordination with PHAs. A joint Funding Review Committee composed of VHDA and DHCD staff could be created to streamline the current application process with one uniform application for multiple finding resources.** **Encourage VHDA should to continue to allocate their Section 8 vouchers for people with disabilities as a priority. VHDA should encourage AAs to have a preference for people with disabilities in their waiting lists and require that a certain percentage of vouchers are directly set aside and linked to people with Medicaid waivers.**

A. Affordable Housing Choices for Persons with Disabilities (continued)	2. Place a priority for people with disabilities to access rental assistance resources.	**Establish a comprehensive training and awareness campaign to educate PHAs about the needs of people with disabilities. The trainings should focus on making reasonable accommodations to PHA policies – such as housing search extensions, using special housing types, allowing unrelated disabled households, and authorizing increased payment standards – to increase access to vouchers by persons with disabilities. PHAs could be encouraged to designate a staff member as a disability specialist.**
	3. State fair housing laws should be expanded to include "source of income" as a protected class.	**Expand the state fair housing laws to include sources of income as a protected class.** **As a follow up to this, implement a landlord outreach and education campaign that would help familiarize property owners with their obligations under fair housing laws and address any concerns that landlords have about renting to people with Section 8 vouchers.**
B. Affordable Assisted Living and Other Housing Choices for Frail Elders	4. Pilot an assisted living model for frail elders that is affordable and acknowledge the resident's right to make choices that will preserve independence and promote dignity, autonomy, independence, and quality of life.	**The Governor should convene a high level Virginia Assisted Living Working Group consisting of DHCD, VHDA, DMAS, DSS, VDA, and the Lt. Governors Office with the goal of pilot demonstrations of five 40 unit assisted living developments that meet national best practice standards and are affordable to people who have qualified for the Intensive Assisted Living Medicaid Waiver that was withdrawn.** **Earmark one million dollars from the Virginia Housing Partnership Fund for assisting with predevelopment costs for the pilot demonstration projects.**

B. Affordable Assisted Living and Other Housing Choices for Frail Elders (continued)	5. Conduct further study for changing the current service income streams that would fill the gap for low income Virginians who can no longer remain in their homes but do not need nursing home level of care.	**Create an internal subsidy to pay for services for low and very low-income people by varying the tenant mix with a full spectrum of activity levels and some people who can afford to pay moderate market rates.** **Identify ways existing or new financial sources can expand senior housing options with supportive services that is not assisted living through nursing home diversion strategies and new Medicaid waiver, or a larger Auxiliary Grant for people with higher service needs.**
C. Accessible Housing Choices	6. Create a statewide-computerized interactive accessible housing registry to assist individuals with physical disabilities to locate affordable barrier-free housing. 7. Increase the availability and number of accessible units through enforcement and education activities.	**Virginia could build upon existing efforts to implement an interactive statewide database similar to MassAccess. To accomplish this, the following steps would need to be undertaken: identification of funding; passage of new state fair housing laws; and ensuring access by having the registry web-based.** **The Fair Housing Board in collaboration with the State Independent Living Council (SILC) and VHDA and DHCD develop and implement an oversight plan to increase compliance statewide with accessibility requirements of the federal fair housing laws and state building codes.** **Establish a training and awareness campaign to educate the housing industry professionals (including builders, contractors, developers, etc.) regarding their responsibilities under the federal fair housing laws and to ensure that they are completely familiar with the Universal Building Code.**

C. Accessible Housing Choices (continued)	8. Create a funding pool to assist landlords and tenants to make accessibility modifications.	**Expand the Assistive Technology Loan Fund to make funds available to all individuals with disabilities in need of some type of accessibility modification in their home regardless of whether or not tied to an employment objective. The low interest loan pool could be financed by tax exempt bonds or by an allocation of HOME or CDBG funds.**
D. Home Ownership Opportunities	9. Revisit the state's homeownership activities to direct resources to people with disabilities and link to Section 8 vouchers for homeownership assistance.	**Develop a clear understanding of the potential effect of the Section 8 homeownership program, taking into consideration different variables, and how the Section 8 assistance can be blended with existing VHDA and DHCD programs, such as the DHCD's Single Family Regional Loan Fund. Variables include the income of the borrower, the amount of down payment assistance which could be made available to the buyer, the amount of Section 8 homeownership assistance for which the household is eligible, a reasonable range of cost of a home in different areas of the state – both rural and urban, an average cost of homeownership expenses such as utilities, insurance, etc. Include in this analysis different underwriting strategies that recognize the Section 8 assistance as income or applied to the second mortgage.**

E. Supportive Services	10. Develop a mechanism at the Executive level for improved comprehensive and coordinated action by state agencies to reshape the structure and scope of support for affordable and accessible housing choices that are community based statewide for individuals with the full range of disabilities.	**The Work Group should focus specific attention on a) improved coordination between supportive service agencies and housing funders; b) enhanced system of information sharing between housing and service providers and consumers; c) consistent philosophy on housing and supportive services across agencies with resource allocation consistent with the agreed upon guiding principles of community based opportunities furthering independence and choice; and d) improved connection between housing choices and employment and asset development strategies for persons with disabilities.**
	11. Build on current Reinvestment Project planning to identify one region to pilot new strategies to reinvest current resources in acute and congregate care to a person-centered and independence focused approach to community living choices with needed supportive services.	**Virginia's Medicaid plan and waiver options could be changed to a) transition from the dependence on congregate residential services in the Mental Retardation waiver to future focus on independent living with supportive services; and b) expand mental health support services in the home and community rather than more restrictive settings.** **A staff position at the Department level of DMHMRSAS be dedicated housing and develop more collaborative opportunities with VHDA, DHCD, and PHAs. Each Community Service Board should also be encouraged to identify a lead staff member to be focused on expanding relationships with PHAs and expanding affordable housing choices.** **Expand current reinvestment projects to examine resource realignment on the Mental Retardation side between training centers, congregate care settings, and more support for community living options**

		including the use of Section 8 waivers to be part of the individual discharge plans.
F. Education and Leadership Development	12. Identify on a competitive basis self advocates, parents, and family members from all areas of the state to participate in a Housing Leadership Academy to become more active at a state and local level with housing resource decision making and policy development.	**VHCD, VHDA, and the Virginia Board for People with Disabilities collaborate to fund a three-year Housing Leadership Academy Program to build a cadre of knowledgeable advocates to become involved at a local and state level in positively influencing housing resource decisions and housing and service agency coordination.**

I. Introduction

On March 22, 2002, the Governor of Virginia signed HB 813 that charged the Board and the Department of Housing and Community Development to "develop a strategy concerning the expansion of affordable, accessible housing for older Virginians and Virginians with Disabilities."[1] In the same legislative session, the General Assembly approved House Joint Resolutions 236 and 251 that called for the Disability Commission and a Housing Work Group to develop a Housing Action Plan that will improve interagency coordination, maximize the use of housing resources, and develop incentives for the creation of accessible housing.[2] The Department of Housing and Community Development (DHCD) and the Virginia Housing Development Authority (VHDA) and the Commission elected to combine their efforts to provide a consistent and coordinated response to these legislative initiatives.

In response to a Request For Proposals,[3] the National Cooperative Bank Development Corporation (NCBDC) in collaboration with the Technical Assistance Collaborative (TAC) proposed to assist the Disability Commission Housing Work Group and the two state agencies (DHCD and VHDA) develop common strategies for the delivery of appropriate housing and related services for older Virginians and those Virginians with physical, mental, cognitive, and sensory disabilities who have the greatest unmet housing needs.

With the acceptance of the proposal, NCBDC and TAC began in November 2002 a comprehensive analysis of resources that are being utilized at state and local levels to meet the affordable housing and related service needs for the target populations. Over a six-month period, NCBDC and TAC's consulting services were divided into the three major areas described below:

The first major area was the review and analysis of current housing related resources to develop a statewide picture of utilization of existing federal, state, and local funding streams. The analysis identified any duplicative efforts or barriers to utilization or collaboration. The approach to analysis involved review of federally required housing plans at state and local levels; final reports and research findings from legislative commissions, state agencies, and other Councils that in recent years reviewed housing needs and services, programs, and initiatives related to the two target populations; and interviews with multiple stakeholders in and outside government.[4,5]

The second major area of review was an analysis of state allocation of resources to meet the related service needs of Virginians who are aging and/or disabled. The approach to analysis involved review of state plans across the spectrum of state agencies that offer or fund services to the two targeted populations, performance and annual reports for the same group of agencies, and again interviews with multiple stakeholders at a state and local levels both in and outside government.

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[1] *Disability Commission Housing Work Group Technical Assistance.* Commonwealth of Virginia, Department of Housing and Community Development, Virginia Housing Development Authority, and Virginia Disability Commission Housing Work Group. 2002.
[2] Ibid.
[3] Ibid.
[4] Summary of Services, Programs, and Initiatives provided to Virginians with Disabilities, July 22, 2002.
[5] See Appendix A for list of people interviewed.

The third major area of activity was the analysis of the information and data collected to develop specific recommendations and a plan of action for addressing unmet housing and related service needs for the two targeted low-income populations statewide. Within current budget constraints, specific strategies were identified that recognize opportunities for new levels of collaboration within government, refocusing use of current resources, and stimulating public and private sector investment in new models that respond to unmet housing and related service needs for the targeted populations.

The purpose of this report is to highlight opportunities on how Virginia could do more to meet the housing needs of people with disabilities and frail elders, if there is the commitment, leadership, and political will. In recent years, Virginia has made significant accomplishments toward this goal. TAC/NCBDC were not charged with evaluating Virginia's progress to date. Rather, this report is intended to provide concrete recommendations and action steps that key stakeholders across the state could implement in order to increase the intensity and range of activities targeted to meeting the housing needs of these vulnerable populations. In this era of limited funding, and compelling agendas, it is up to the Virginia officials, advocates, residents, and other concerned citizens to decide when "enough" has been done to assist people with disabilities and frail elders.

II. Social, Economic, Political Context for Decision Making

To develop an action plan that expands housing choices for persons who are aging and/or disabled statewide in Virginia requires first an understanding of the current political, social, and economic context for decision making.

A. The Numbers--Social and Economic Context

The older population age 65 plus in the United States numbered 35.3 million in 2000, up from 33.9 million in 1996.[6] The group represents 12.8 percent of the U.S. population, about one in every eight Americans. The rapid growth in the elderly population in the United States is expected to continue into this century when 20.1 percent of the population is projected to be 65 years or older by 2030.[7] Americans 85 years and older are the fastest growing segment of the population, increasing by about 3 percent per year, compared to less than 1 percent growth in the total U.S.[8] population each year. On a national level, of 10.2 million households of people 75 or older, two-thirds have income below $25,000 which will afford them limited housing choices.[9]

The challenge is no less formidable for seniors in Virginia. The VEC 2010 population projection forecasts that the 1,386,000 people who will be age 60 or older will constitute 17.9 percent of the state's populations at that time.[10] The population of Virginians age 60 and over will grow from 14.7 percent of total population in 1990 to almost 25 percent by 2025.[11] By 2025 there will be more than 2 million Virginians over 60. The number of Virginians age 85 and older will increase dramatically between 1990 and 2025 – five times faster than the state's total population growth.[12] Of the 275,920 Virginians between ages 65-74, 56,311 have incomes under $15,000 per year and over half of those have incomes under $10,000 per year.[13] Of the 228,179 Virginians age 75 or older, 72,194 have incomes under $15,000 per year and over half of those have incomes under $10,000 per year.[14]

The Census 2000 data indicates that there are over 30.5 million individuals with a disability between the ages of 21 and 64.[15] There are an additional 14 million individuals with a disability over the age of 65.[16] In the Commonwealth of Virginia, there are 712,330 individuals with a disability between the ages of 21 and 64.[17] There are an additional 317,085 individuals with a disability over the age of 65 in the State.[18]

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[6] *The National Challenge In Aging.* University of Iowa Health Care: http://www.uiowa.edu/~centrage/who_frm.htm.
[7] *Ibid.*
[8] *U.S. Census. 2000.*
[9] *Coming Home: Creating Affordable Assisted Living for Low-Income Seniors.* Social Policy Magazine. 2001.
[10] *Available at the Virginia Employment Commission website at http://www.vec.state.va.us/pdf/proj2010.pdf.*
[11] *Demographic Trends.* Virginia Department for the Aging. 2003.
[12] Virginia Department of Aging: http://www.aging.state.va/demographic.htm.
[13] *U.S. Bureau of the Census, 2000 Census of Population & Housing. 2002.*
[14] *Weldon Cooper Center for Public Service at the University of Virginia.*
[15] *Profile of Selected Social Characteristics, United States. U.S. Census Bureau. 2002.*
[16] *Ibid.*
[17] *Ibid.*
[18] *Ibid.*

The Supplemental Security Income (SSI) program provides income support monthly to individuals with disabilities who are unable to work and to persons aged 65 or older. In Virginia, there are 132,808 individuals receiving Federal SSI payments, including 107,535 individuals who are disabled, 1,439 individuals who are blind and 23,834 individuals age 65 or over.[19] For individuals who rely on SSI benefits, regardless of age, as the major or only source of income, the cost of housing makes it virtually impossible to afford decent and safe housing in their local community. The two target populations represent those individuals living at the lowest end of poverty levels.

Nationally, on average, a person with a disability receiving SSI benefits would be priced out of the private housing market because they need to pay over 105 percent of their monthly SSI check in order to rent a modest one-bedroom unit at the published HUD Fair Market Rent.[20] Without housing assistance, through some type of government funded direct support to the individual or subsidized housing to a developer, low-income individuals who are aging and or disabled will not find an affordable place to live anywhere in Virginia.

B. Service Delivery Approach

In the past 30 years, states have continued to evolve their approach to housing and related services for persons with disabilities. In general, States have moved away from an institutional model of segregated facilities that tie together housing and service needs to a variety of smaller community-based living options. To varying degrees these community living alternatives are intended to provide more choices and independence for the targeted populations. Between 1996-2000 period, the number of individuals with mental retardation and developmental disabilities served in all types of community residential settings increased 11 percent from 390,586 to 433,799.[21] During the same period the number of people living in settings for six or fewer people grew by 33 percent.[22] In contrast the residents in the nation's public and private institutional facilities for 16 or more persons declined by 15 percent.[23] The number of individuals living with six or fewer people represented 61 percent of the total number of persons in residential settings in the year 2000.[24] However, there was great variability by state in the use of residential settings of different sizes. The Commonwealth of Virginia is one of only ten states with 40 percent or more of persons living in public and private institutional facilities for 16 or more persons.[25]

Between 1996-2000, the number of people with mental retardation/developmental disabilities reported to be residing in nursing facilities in the United States declined by 11 percent from 38,960 to 34,743 residents.[26] Virginia was one of only thirteen states that showed an increase in

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[19] *Annual Statistical Supplement, 7.B SSI: State Data, Table 7.B1.*. Virginia Social Security Administration. 2002.
[20] *Priced Out in 2002.* Technical Assistance Collaborative and Consortium for Citizens with Disabilities Housing Task Force. 2003.
[21] Braddock, David. *Disability At the Dawn of the 21st Century and the State of the United States.* Washington, DC: American Association of Mental Retardation, 2002, 85-86.
[22] *Ibid., 86.*
[23] *Ibid*
[24] *Ibid*
[25] *Ibid*
[26] *Ibid., 85.*

number of nursing home residents with developmental disabilities during the same period.[27] With the authorization by Congress in 1981 of the Medicaid Home and Community Based Services (HCBS) Waiver, there have been new options for states to consider in supporting community integration. Nationally, HCBS spending has grown from 1.2 million dollars in 1982 to 5.5 billion dollars in 2000 with a varied menu of support to over 290,000 participants with disabilities.[28] In 1990, Medicaid spent 3.9 billion dollars on home and community based care, representing 13 percent of total Medicaid long term care spending. By 2000, the annual amount had increased to 18.2 billion dollars or 27 percent of total Medicaid spending for long term care.[29]

Despite these increases, Medicaid payment policy does not cover housing or meal costs in a home or community based setting, although Medicaid does factor these costs into payments for nursing homes. In recent years, persons with disabilities and individuals who are aging have been consistent in articulating essential principles to frame housing choices and related services to meet their needs. There are four core principles that should be integrated into all housing strategies:

1. Affordability;
2. Independence;
3. Accessibility;
4. Integration.[30]

1. Affordability

Under current federal guidelines, housing is considered affordable for a low-income household when the cost of monthly rent (including any tenant paid utilities) does not exceed 30 percent of monthly household income.[31] Low-income households that pay between 31 and 50 percent of their income towards housing costs are considered to be "rent burdened" by the federal government. When the percentage of income spent on housing costs exceeds 50 percent, the household is considered to be "severely" rent burdened and have "worst case" needs for housing assistance.

2. Independence

Independence implies individual choice and flexibility to identify location, type of housing, and a service and support system that meet individualized needs and preferences. In independent housing, people with disabilities enjoy privacy, the ability to manage who enters the home, when they have guests, and whether or not there are others living in the same apartment unit or house. Independent housing provides people with disabilities with a clear sense of rights, including

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[27] *Ibid., 96.*
[28] *Ibid., 101.*
[29] *Is Community Care a Civil Right? The Unfolding Saga of the Olmstead Decision.* By The George Washington University Senior Research Associate Randy Desonia. 2003.
[30] *Regional Housing Forum: A Technical Assistance Guide for Housing Resources and Strategies*. Technical Assistance Collaborative, Inc. 2002.
[31] *The States' Response to the Olmstead Decision: A Work in Progress.* National Conference of State Legislatures. 2003.

rights of tenancy. Leases or occupancy agreements are with the tenant. These agreements spell out the fundamental terms and conditions of occupancy and tenant rights and responsibilities.

According to consumer preferences studies, many individuals with disabilities prefer housing that is separate from services. In other words, the housing is not tied to the receipt of services. Supportive services may be offered and made available. However, access to the particular type of housing is not conditioned on the receipt of support services.

For persons who are aging there may in fact be a different set of needs and preferences. The option of services and supports tied to a living situation may be preferred as a less restrictive choice than the loss of all freedom and decision making in a nursing home setting. In all situations, the critical distinction is the direction and control of the living situation and related service needs if appropriate, are managed by the individual with a disability.

3. Accessibility

Accessibility recognizes the varying needs of a diverse target population. Housing should meet a range of accessibility needs. First, people with mobility impairments may need to live in units that are physically accessible and modified to meet their special needs. These modifications may include wheelchair accessible features such as ramps, wider doorways, lower cabinets, roll-in showers, etc. For those with hearing or visual impairments, an accessible unit may include assistive technologies such as blinking lights, alarms, or other appropriate features.

In addition to physical accessibility, it is critical to recognize the importance of ensuring access to needed services, such as health care providers, and community amenities, such as supermarkets. It is also important that housing be close to public transportation so that individuals do not have to rely on other people for transportation.

4. Integration

Integration is the final essential concept that recognizes that separate single purpose housing (i.e. housing targeted exclusively to one group of people, such as people with disabilities or people with a specific type of disability) may not be the housing model preferred by many persons with disabilities. Historically housing exclusively for persons with disabilities with on-site supportive services may have been considered more efficient and cost-effective for the service provider and funder of community services. For many persons who are seniors this still may be a preferred model. However, consumer preference studies and surveys have also found that younger people with disabilities may prefer to live in mixed population or integrated housing in the community. For developers, mixed population housing may have an easier time winning community approval and may not face the opposition many disability specific housing programs encounter.

All four principles form a conceptual framework to design a plan for action for the Commonwealth of Virginia. The identification and utilization of resources both public and private must embrace these four principles. Affordable, accessible, integrated housing choices that respect individual choice and independence will result from support of two overlapping

strategies: the production of new housing and rental assistance to use in new or existing housing units.

C. Political Context

The current political context at a national and state level presents a unique environment to evaluate current direction and allocation of public resources. In 1999, the United States Supreme Court in the *Olmstead* decision made it clear that it is a violation of the Americans with Disabilities Act (ADA) for states to discriminate against people with disabilities by providing services in institutions when the individual could be served more appropriately in a community based setting.[32] Justice Ruth Bader Ginsburg writing for the 6-3 Court majority described the essence of the Court's ruling "we confront the question of whether the proscription of discrimination may require placement of persons with mental disabilities in community settings rather than in institutions. The answer, we hold, is a qualified yes." Although the decision affirmed the ADA community integration mandate, the word housing does not appear in the decision. To describe where people with disabilities should live, the Court used terms such as "community placements and less restrictive settings." Nevertheless, the subsequent actions by the federal government make it clear that there is an expectation of fundamental systems changes at the state and local levels in housing and services that will result in expansion of community living opportunities for persons with significant disabilities.

On June 18, 2001 President Bush signed Executive Order 13217 "Community Based Alternatives for Individuals with Disabilities."[33] The Executive Order directs nine federal agencies, including the Department of Housing and Urban Development (HUD), to evaluate their policies, programs, and regulations to determine whether any should be revised or modified to improve the availability of community based services for people with disabilities. The Order also charged the federal government with providing assistance to states and localities to swiftly implement the *Olmstead* decision. In March of 2002, the Bush Administration issued its first report – *Delivering on the Promise: A Compilation of Individual Federal Agency Reports of Actions To Eliminate Barriers and Promote Community Integration*. The report identifies over 400 steps to removing barriers and improving community integration.[34]

At a state level over 40 states have initiated some planning activity to respond to the directives from the federal government. A growing number of states have created cross agency housing working groups to examine opportunities to redirect and reconfigure existing resources in health, social services, and housing toward community integration strategies. In Virginia a Task Force with diverse stakeholders was convened for the first time on July 31, 2002. The Task Force has met five times since July and is expected to complete a final Task Force Report with recommendations for implementation strategies, priorities, and time frames by August 2003. The Task Force is chaired by the Secretary of Health and Human Resources and has more than 60

[32] *The Olmstead Factor: Integrating Housing for People with Disabilities.* National Low Income Housing Coalition/LIHIS. 2002.
[33] Ibid.
[34] Ibid.

members representing consumers, family members, advocates, providers, local government, and other stakeholders.[35]

One of the targeted issues is housing. The Interim Report of the Task Force identifies four significant barriers that are limiting affordable and accessible housing choices for persons with disabilities:

a. Housing units lacking accessibility features for persons with mobility or sensory limitations;
b. Housing costs significantly exceeding the resources of lower-income individuals;
c. Limited number of housing units that are affordable and accessible given the statewide demand; and
d. Limited coordination with necessary supportive services – including cases where housing is contingent on and rigidly linked to supportive services, or conversely, where necessary services are unavailable or relatively inaccessible.[36]

The *Olmstead* decision provides a new political framework to direct state activities to end unjustified isolation and segregation of individuals with disabilities. The push from the federal level encourages states to not continue the status quo. Despite the push of the *Olmstead* integration mandate there is an additional pull on state priority setting for the near future. The current economic climate and reduced revenue collection have plunged states into the most difficult fiscal situation since World War II. In Fiscal Year 2002, 37 states cut more than 12.6 billion dollars from their budgets, the highest number of states and largest amount in terms of dollars to have made cuts in enacted budgets in any given year.[37]

The Commonwealth of Virginia was not immune from the fiscal problems plaguing the majority of states. The shortfall for fiscal year 2003-2004 is estimated at 1.5 billion dollars.[38] The push of *Olmstead* to expand affordable community based housing choices and the pull of a no growth or severely cut budget creates a unique set of conditions within which to analyze current resource allocation and direction of public dollars. With similar budget constraints at a federal level, there is an opportunity to examine where dollars are spent and to take a fresh look at cross agency collaboration to reduce identified barriers to housing that is affordable and accessible for Virginians who are aging and/or disabled.

Despite budget constraints, many stakeholders interviewed identified the strong interest of the Governor and Lt. Governor in housing issues facing Virginians who are aging and/or disabled. Both individuals have spoken publicly about their interest in strengthening community based alternatives and allocating resources to support the principles of expanded individual choices.

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[35] *One Community: Interim Report of the Task Force to Develop an Olmstead Plan for Virginia.* The Task Force to Develop an *Olmstead* Plan for Virginia. 2003.
[36] *One Community: Interim Report of the Task Force to Develop an Olmstead Plan for Virginia.* The Task Force to Develop an *Olmstead* Plan for Virginia. 2003.
[37] *The Fiscal Survey of States.* National Governors Association and National Association of State Budget Officers. 2002.
[38] Ibid.

The research findings and recommendations that follow in this report take into account the social, political, and economic context that impacts all Virginians daily including Virginians with disabilities. A primary focus of our recommendations will be to accelerate system change activities to benefit all low income Virginians who are aging and/or disabled. Of special concern are four groups of individuals that must be the priority for a states *Olmstead* response:

- Adults with disabilities who are currently institutionalized including people in state facilities, nursing homes or other restrictive settings;
- Adults with disabilities at-risk of institutionalization, including those in restrictive community settings, people living at home with aging parents or living elsewhere in the community and on residential services waiting lists;
- Adults with disabilities who are homeless as a result of being de-institutionalized; and
- Frail elders at risk of institutionalization as well as institutionalized elders who could live in the community with appropriate housing and supports.[39]

As described by the Virginia *Olmstead* Task Force, the plan of action to be developed must be based on "fairness and equity for all persons covered by the Court's decision and meaningful choices must be made available driven by the needs and preferences of consumers, families, and guardians."[40]

[39] *Olmstead and Supportive Housing: A Vision for the Future.* Center for Health Care Strategies, Inc. 2001.
[40] *One Community: Interim Report of the Task Force to Develop an Olmstead Plan for Virginia.* The Task Force to Develop an *Olmstead* Plan for Virginia. 2003.

III. Housing Needs and Housing Affordability Among People with Disabilities and Frail Elders

A. Incomes of People with Disabilities and Frail Elders

Researchers and practitioners have demonstrated repeatedly that people with disabilities and frail elders can live successfully in homes of their own in the community. To succeed, they need decent, safe, affordable, and accessible housing as well as access to the supports and services they want and need to live as independently as possible.

As cited earlier, the majority of people with disabilities and frail are disproportionately poor – particularly those individuals who must rely on federal SSI or Social Security Disability Income benefits. Most of these individuals currently receive monthly SSI benefits equal to $552. Some individuals living in specific housing situations – such as assisted living facilities or adult family care – in certain parts of the state received an additional state supplemental benefit ranging from $34 to $464.[41] However, in most instances, the majority of this supplement was often given to the operators of the residential setting, and was not available to the SSI recipient.

According to *Priced Out in 2002*[42] in Virginia people receiving SSI benefits had incomes equal to only 14.6 percent of the median one-person household income in 2002. Even in the more rural areas of the state – where incomes are often lower – people receiving SSI still had incomes below 22 percent of the median income.

Calculated as an hourly rate, SSI benefits in Virginia would be equal to a wage of $3.14 per hour – over $2.00 lower than the federal minimum wage. According to a report published by the National Low Income Housing Coalition[43] a person living in Virginia would need to earn an hourly wage of $12.24 – over three times the hourly wage for SSI benefits – to be able to afford a modest one-bedroom apartment at HUD's Fair Market Rent.[44]

Because of their extreme poverty, many of these people are currently facing a housing crisis throughout Virginia. A large number of people with disabilities and frail elders are undoubtedly living in restrictive congregate settings or in seriously substandard housing; paying virtually all of their SSI benefits for housing; still living at home with aging parents who do not know what will happen to their adult child when they can no longer provide for them; or are either homeless or at-risk of becoming homeless.

It should also be noted that there are an unknown number of people with disabilities and frail elders in Virginia who have incomes below 30 percent of median who have earned income rather

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[41] *State Assistance Programs for SSI Recipients.* US Social Security Administration Office of Research, Evaluation, and Statistics. January 2002.

[42] *Priced Out in 2002*. Technical Assistance Collaborative and Consortium for Citizens with Disabilities Housing Task Force. May 2003.

[43] *Rental Housing for America's Poor Families: Farther Out of Reach Than Ever.* National Low Income Housing Coalition. Washington, DC. 2002.

[44] *The HUD Fair Market Rents (FMRs) are based on the cost of modest rental housing and are calculated annually by HUD for use in the Section 8 Housing Choice Voucher program. A housing unit at the Fair Market Rent is meant to be modest, not luxurious, costing less than the typical unit of that bedroom size in that city or county*

than income from disability benefits. They may be working for extremely low wages, or only able to work part-time. Typically, because of the high cost housing markets in some parts of Virginia, people in these circumstances often pay much more than 50 percent of their income for rent and utilities or live in severely substandard housing, or both.

B. Housing Crisis

In Virginia, people receiving SSI benefits have extreme levels of poverty and are currently facing a housing crisis. Without some type of housing assistance – such as government-funded subsidized housing – low-income people with disabilities and frail elders are unable to afford decent and safe housing of their choice in the community. According to *Priced Out in 2002*, a person receiving SSI could not afford a decent one-bedroom housing unit anywhere in Virginia (see Table 1 below). On average, a person receiving SSI had to spend 116 percent of their monthly benefits to afford a modest one-bedroom apartment – literally an impossibility. Because of the diverse housing market in Virginia, the percentage of income a person receiving SSI had to spend towards housing costs varies according to locality. However, even in the lowest cost housing market area, an SSI recipient must spend 71 percent of their monthly income to rent a decent one-bedroom apartment.

Table 1

Data from *Priced Out in 2002*

Statistical Area	SSI Monthly Payment[45]	% SSI for 1-Bedroom	% SSI for Efficiency	SSI as % of Median Income
Charlottesville	$545.00	99.6%	84.2%	14.7%
Clarke County	$545.00	91.0%	64.6%	15.4%
Culpeper County	$545.00	116.3%	79.8%	15.2%
Danville	$545.00	72.3%	57.4%	21.6%
Johnson City-Kingsport-Bristol	$545.00	71.6%	60.0%	21.9%
King George County	$545.00	104.0%	78.2%	14.6%
Lynchburg	$545.00	75.4%	68.3%	18.7%
Norfolk-Virginia Beach-Newport News	$545.00	115.2%	102.4%	17.3%
Richmond-Petersburg	$545.00	122.8%	108.6%	14.2%
Roanoke	$545.00	72.3%	57.8%	16.6%
Warren County	$545.00	86.4%	63.1%	16.8%
Washington	$545.00	180.6%	158.7%	10.7%
Non-Metropolitan Areas	$545.00	74.7%	59.3%	21.7%
State Average	**$545.00**	**116.8%**	**101.4%**	**14.6%**

According to the U.S. Department of Housing and Urban Development's (HUD) latest *Worst Case Housing Needs* Report submitted to Congress in January 2001, people with disabilities make up at least 25 percent[46] (estimated by HUD as 1.1 million to 1.4 million people) of the

[45] *Some states provide SSI supplements for people with specific types of disabilities and/or people residing in specific housing arrangements (such as congregate living or structured residential settings). Only those supplements uniformly applied to all people with disabilities living independently in the community were included as part of the* Priced Out in 2002 *analysis.*

[46] *Disability advocates and housing professionals agree that this figure underestimates the number of people with disabilities with worst case housing needs since it is based solely on those people with disabilities receiving SSI and does not include other low-income people with disabilities.*

households with worst case housing needs in the United States.[47] Some of these individuals are actually homeless, and without housing of any kind. A recent Urban Institute study on homelessness indicates that of the 800,000 people who are homeless on any given night, 46 percent of adults have some type of disability.[48]

C. Increasing Housing Costs

Using the federal rent-to-income affordability standard, a person receiving SSI in Virginia would be able to pay $165-$220 per month for rent and utilities. Unfortunately, this represents only a fraction of the typical monthly operating costs for a one-bedroom rental unit.[49]

Between 2000 and 2002 rents of modest one-bedroom housing units throughout Virginia increased an average of 18 percent – ranging from an increase of 5 percent in the Johnson City/Kingsport/Bristol housing market area to an increase of 34 percent in the housing market areas surrounding Washington, DC. Unfortunately for many people with disabilities and frail elders, the strong rental housing market meant that rents increased dramatically at a time when SSI cost-of-living increases were much more modest. From 2000 to 2002, SSI benefit levels throughout Virginia rose only 6 percent. Table 2 below compare the rate of growth in SSI benefit amount in Virginia to the rate of growth in HUD Fair Market Rents.

[47] *A Report on Worst Case Housing Needs in 1999: New Opportunity Amid Continuing Challenges.* U.S. Department of Housing and Community Development, January 2001.
[48] *Helping America's Homeless: Emergency Shelter or Affordable Housing.* By Urban Institute researchers Martha Burt, Laudan Y. Aron, and Edgar Lee. 2001
[49] *Study of Funding for Housing Serving People with Disabilities.* Report of the Virginia Housing and Development Authority to the Governor and the General Assembly of Virginia. Senate Document No. 12. Commonwealth of Virginia. Richmond, VA. 2000.

Table 2

Increase in SSI Benefits vs. Increase in One-Bedroom FMR between 2000 and 2002
Data from the Technical Assistance Collaborative, Inc.

Housing Market Area	Growth in SSI Monthly Payment 2000-2002 % Change	Growth in One-Bedroom FMR 2000-2002 % Change
Charlottesville	6%	6%
Clarke County	6%	9%
Culpeper County	6%	12%
Danville	6%	6%
Johnson City-Kingsport-Bristol	6%	5%
King George County	6%	10%
Lynchburg	6%	6%
Norfolk-Virginia Beach-Newport News	6%	27%
Richmond-Petersburg	6%	23%
Roanoke	6%	6%
Warren County	6%	10%
Washington, DC	6%	34%
Statewide Non-MSA	6%	4%
Statewide	**6%**	**18%**

D. Housing Affordability

For planning purposes, it is reasonable to project that virtually all people in Virginia receiving SSI benefits potentially could have worst case housing needs, unless they are receiving some type of government housing assistance. However, it is important to point out that not all government housing assistance programs, including some "affordable" housing programs in Virginia, are actually affordable for people receiving SSI benefits.

Federal and state housing programs can target households with incomes up to 50-60 percent of the median income, or even higher in some cases. Although government housing agencies like DHCD and VHDA are producing new "affordable" housing every year, in many instances this new supply of housing is not affordable to people with SSI incomes.[50] This is because most federal and state programs help pay for the one-time cost of developing the housing (e.g. the cost of acquisition/rehabilitation or new construction of housing) but do not fund the on-going cost of operating the housing (e.g. insurance, maintenance/repairs, reserves, property management costs, utilities, etc).

In Virginia, the cost of operating a unit of affordable housing funded by VHDA can range from $3,000 to $5,000 per unit, before factoring in debt service/mortgage payments. People with disabilities receiving SSI can only afford to pay 30 percent of their income for housing costs – about $165 per month or $1,980 per year – based on federal affordability guidelines. Thus, in order to make "affordable housing" truly affordable to people with disabilities and frail elders, an

[50] *Final Report: Review of the Virginia Housing Development Authority. House Document No. 2*. Joint Legislative Audit and Review Commission of the Virginia General Assembly. August, 2000.

on-going rent subsidy or operating subsidy is needed to ensure that all of the operating costs can be covered.

For example, in Virginia, "affordable" rental housing developed under the federal Low Income Housing Tax Credit (LIHTC) program or other Virginia-funded programs may rent for $480 to $980 per month or more depending on the location of the housing and the median income for that location, as calculated by the federal government. [NOTE: LIHTC rents are based on median income-based formulas in federal law.] People with disabilities receiving SSI and frail elders cannot afford to live in these properties without some type of rent subsidy. In fact, in the higher cost areas of Virginia, this type of "affordable" housing typically assists households with annual incomes between $18,000 and $41,000.

Obviously, long term commitments of rent subsidies (e.g. the old Section 8 project-based programs) or operating subsidies (e.g. the federal public housing program) are much more expensive for government housing agencies like HUD or DHCD/VHDA to fund. Beginning in the mid-1980s, the federal government began eliminating most housing programs that could provide this long-term subsidy commitment. These federal housing policy decisions began a trend in government housing policy that continues to this day, which is a focus on "affordable" housing for households above 30 percent of median income, rather than "deeply subsidized" housing for households with the lowest incomes. According to *Analysis of Housing Needs in the Commonwealth*, "nowhere in Virginia are deep rental subsidies adequate to meet the needs of low-income people."[51]

E. Federal Housing Resources

From analyzing typical affordable housing financing strategies used in Virginia, it is clear that new strategies are needed to provide rent subsidy or operating subsidy funding linked to rental housing production for people with disabilities and frail elders with SSI-level incomes. Currently there are only a few federal programs that provide this type of assistance:

- The Section 811 Supportive Housing for Persons with Disabilities Program

  The Section 811 Supportive Housing for Persons with Disabilities program (Section 811) funds the development of supportive housing by non-profit organizations, called sponsors. Specifically, the Section 811 program provides capital grants and project rental assistance contracts to non-profit-sponsored housing developments for people with disabilities. The housing must be available for very low-income persons with disabilities for 40 years and is renewable subject to the availability of funds.

  Virginia has been extremely successful in obtaining new Section 811 resources each year. In FY 2001, Virginia was awarded 55 units of new Section 811 funding and in 2002 Virginia received an additional 54 units. The majority of these new units were in group homes, as compared to independent living situations, and were targeted to people with developmental disabilities.

[51] *Analysis of Housing Needs in the Commonwealth.* Virginia Department of Housing and Community Development and Virginia Housing Development Authority. November, 2001. p.3.

Although this is a valuable program for meeting the housing needs of people with severe disabilities, the Section 811 program funds less than 2,000 new units of housing nationwide each year. Federal funding for this program was cut by 50 percent in 1995 and has never been restored, making it a limited resource. In 2003, the Baltimore, MD – Washington, DC – Richmond, VA geographic area is allocated less than 80 new units of Section 811 funding- a "drop in the bucket" compared to the unmet housing assistance needs of people with severe disabilities.

- The Section 202 Supportive Housing for the Elderly Program

The Section 202 Supportive Housing for the Elderly program (Section 202) helps expand the supply of affordable housing with supportive services for elderly people (ages 62 and older). It provides low-income elderly people with options that allow them to live independently but in an environment that provides a range of support activities such as cleaning, cooking, and transportation. The program offers capital advances to finance the construction and rehabilitation of structures that will serve as supportive housing for people who are elderly and very low income. The capital advance does not have to be repaid by the non-profit sponsor as long as the project serves very low-income elderly persons for forty years. The rental assistance covers the difference between the HUD approved operating cost per unit and the tenant's rent.

In recent years, Virginia has also been successful in competing for Section 202 funding. In FY 2002, Virginia was awarded 224 units of Section 202 funding. This amount represented almost the entire allocation for the Baltimore, MD – Washington, DC – Richmond, VA geographic area.

In FY 2003, the Baltimore, MD – Washington, DC – Richmond, VA geographic area is allocated an additional 218 new units. However, like Section 811 funding, the number of Section 202 units allocated each year to the Virginia geographic area is not enough to meet the housing needs of the low-income elders throughout the state.

- The Rental Assistance Program (Section 521)

The Rental Assistance Program (Section 521) is an integral part of the US Department of Agriculture (USDA) rural housing programs. Through a variety of loan and grant programs the USDA provides funding for the development of affordable housing in rural areas. The Section 521 program – also known as the Rental Assistance Program – is a project-based subsidy that can be attached to USDA-funded housing, such as housing developed through the USDA Section 515 program. With Section 521 rental assistance, tenants of a 515-funded property pay only 30 percent of their income toward rent and utilities. The Section 521 funding makes up the difference between the tenant's share and the rent for the unit.

Although USDA financed projects are prioritized for Section 521 funding, the demand for these rental assistance resources far exceeds the available funding. In past years, at the national level there has not been nearly enough Section 521 funding available to subsidize all

new (and existing) Section 515 properties. The problem is due in large part to the fact that the majority of the funding allocated by Congress for the Section 521 program each year is spent renewing existing 521 rental assistance contracts.

Virginia has a mixed track record in taking advantage of USDA housing funds, including Section 521 rental assistance. In the 1990s, many 515 projects were funded, mostly targeted to seniors. A handful of these USDA-financed properties were developed without any Section 521 rental assistance funding. Although these properties often suffer vacancy problems, according to information obtained from the regional USDA staff, these properties represent only a handful of those projects financed with USDA funds.

In more recent years, however, there has been little interest among Virginia housing developers in utilizing USDA funding to create new units of affordable housing. Last year, the regional USDA office did not receive any applications for financing. This may be due to a variety of factors including the limited amount of 515 and 521 funds available and the prioritization of 515 funding for the preservation of existing housing. This year USDA staff is currently working with one project seeking 515 funds to create 32 new units of affordable housing in Nelson County. This project will most likely receive Section 521 funding as well.

- The McKinney/Vento Assistance Programs

The HUD McKinney/Vento Homeless Assistance programs have formed the backbone of local efforts intended to address the many needs of homeless individuals and families in states and communities across the nation. In 1994, HUD introduced the Continuum of Care model to encourage communities to address the problems of housing and homelessness in a more coordinated, comprehensive, and strategic fashion. Unlike other HUD planning requirements (e.g., the ConPlan, the PHA Plan) which originated in Congress, the Continuum of Care was created by HUD as a policy to help coordinate the provision of housing and services to homeless people. With the introduction of Continuum of Care planning, communities were encouraged to envision, organize, and plan comprehensive, long-term solutions to address the problem of homelessness. The strategic planning conducted through this process also forms the basis of a Continuum of Care plan and application to HUD for Homeless Assistance funds.

The Continuum of Care serves as an application to HUD for funding made available through three programs: the Shelter Plus Care (SPC) program, Section 8 Moderate Rehab SRO (Section 8 SRO) program, and Supportive Housing Program (SHP). Two of these programs – SPC and SHP – are particularly vital resources for creating deeply subsidized housing for homeless people with disabilities. However, it is important to note that these programs can only assist people with disabilities who met HUD's restrictive definition "homeless person." Although the development of new housing is theoretically a federal priority under these programs, much of the funding is still spent on renewing existing homeless programs.

Virginia has had mixed success in competing for HUD McKinney/Vento Homeless Assistance funds. In FY 2002, 17 Continuum of Care applications were funded in Virginia for a total of over $12.7 million. However, it is important to note that at least 6 applications

– mostly from rural areas – were submitted to HUD for funding and were not successful. Unlike other states, such as Georgia, Virginia currently does not submit a "balance of state" Continuum of Care application. In Georgia, for example, the balance of state application is submitted on behalf of the rural areas of the state that lack the capacity to create a successful application of their own.

In addition, of the 17 Continuum of Care applications that were funded in 2002, almost half of the applications did not take advantage of a HUD bonus of $500,000 (per application) to create permanent supportive housing for people with disabilities. Again, of the 14 Continuum of Care application funded in 2001, half also did not take advantage of this HUD bonus. It is not clear why Continuum of Care groups did not apply for this bonus – whether they were unaware of HUD's incentives or lacked the capacity or interest in creating new permanent housing for people with disabilities.

- The Section 8 Housing Choice Voucher Program

The federal Section 8 program began in 1975 as a way to assist low-income families, elderly people, and people with disabilities to rent decent, safe, and affordable housing in the community. Through this program, individuals and families receive a "voucher" – also referred to as a "subsidy" – that can be used in housing of their choice that meets the Section 8 program requirements. These subsidies are long-term and considered permanent housing.

The Section 8 Housing Choice Voucher Program is the only federal housing program that has had substantial amounts of new funding targeted to people with disabilities during the past five years. New vouchers – including many targeted to people with disabilities – have been appropriated each year since 1997. Unfortunately, only 1,900 new vouchers are included in HUD's FY 2003 budget – as compared to approximately 8,000 in FY 2002. Recent changes to the Section 8 regulations make it easier to use vouchers for project-based assistance – a valuable resource for providing needed operating or rent subsidy funding in affordable housing projects. Section VI provides a detailed discussion of the Section 8 resources in Virginia.

- The Housing Opportunities for People with AIDS (HOPWA)

The HOPWA program provides block grants to states and certain localities to meet the housing-related needs of people with AIDS. HOPWA is one of the most flexible housing resources – it can be used for not only tenant-based rental assistance, but also operating subsidies, capital and development projects, as well as other activities. The HOPWA appropriation continues to increase each year with almost $260 million appropriated in FY2003.

In FY 2003, Virginia received over $2.5 million in HOPWA funds. The majority of the funding was allocated to the state, however Richmond and Virginia Beach also received their own allocations. At the state level, the majority of the HOPWA funding is used for rental assistance and supportive services for people with HIV/AIDS administered through local

sponsors. To date, the state has never used HOPWA for capital or development costs or to provide ongoing operating subsidies.

F. Barriers to Accessing Affordable Housing

Most people receiving SSI benefits do not currently receive assistance from federal or state funded housing programs. HUD records indicate that, nationally, fewer than 500,000 "disabled households" (defined as a household in which either the head of household or the spouse has a disability and is under age 62) currently receive federally subsidized housing assistance. Often households with disabilities cannot even get on subsidized housing waiting lists or are unable to locate housing after they receive a Section 8 Housing Choice Voucher. A recent HUD-funded report by Abt Associates documents repeated patterns of housing discrimination in federally subsidized housing programs.[52]

It is important to remember that, until the enactment of the Fair Housing Act Amendments (FHA) of 1988, it was legal in the United States to discriminate against a person with a disability attempting to rent or buy a home. Federal laws now protect people with disabilities from housing discrimination but these legal protections are often not well understood. For example, PHAs often do not know how they can provide "reasonable accommodation" to their Section 8 policies so that Section 8 vouchers can be better utilized by people with disabilities. Unless they are addressed in a more comprehensive manner, housing discrimination patterns and practices are a formidable barrier to identifying, accessing, and creating new housing opportunities for people with disabilities, especially people who may be leaving restrictive settings.

G. Loss of Affordable Housing

Adding to the problem is the fact that the number of affordable and accessible housing units currently available to low-income people with disabilities and frail elders continues to decline. According to HUD's 2000 *Worst Case Housing Needs* report, between 1997 and 1999 there was a 13 percent reduction (or 750,000 units) in units affordable to the poorest of the nation's citizens, including people with disabilities and frail elders.

Some of this decrease in units available to people with disabilities is due to the designation of "elderly only" housing. Since 1992, federal law has permitted public and private HUD assisted housing providers to restrict or exclude people with disabilities under age 62 from residing in studio and one-bedroom apartments. Prior to 1992, these units were legally available on an equal basis to both elderly and disabled applicants. Although frail elders have benefited from this practice, in most communities, the housing opportunities lost by non-elderly people through designation have not been replaced (either through the development of more housing for non-elderly people with disabilities or through the targeting of rental assistance vouchers) – resulting in a net loss of units available to this group of people. Currently, over 400 units public housing units in Virginia have been designated as "elderly only." In the September 2001 issue of *Opening Doors,* TAC recently estimated that, nationwide, as many as 268,500 units of subsidized housing are no longer available to people with disabilities – an estimate that grows

[52] *Report to Congress: Assessment of the Loss of Housing for Non-Elderly People with Disabilities.* Prepared for the U. S. Department of Housing and Urban Development by Abt Associates. December 2000.

daily as subsidized housing providers and PHAs continue to implement elderly only housing policies.

In addition, there have been considerable losses of deep subsidy and affordable units through private owners prepaying or "opting out" of their long-term contracts with HUD and converting to market rate housing. Although some of these developments were preserved as affordable housing, the rents were often increased, making the housing unaffordable to very low- and low-income people with disabilities and frail elders. Nevertheless there was a net loss of over 5,600 federal or state-assisted housing in the past decade in Virginia.[53]

H. Barrier-Free and Accessible Housing

This loss of public and privately owned HUD subsidized housing has had a devastating impact on the supply of affordable, barrier-free or otherwise subsidized housing available to people with disabilities and frail elders. These properties often are the only subsidized housing units in a locality that are barrier-free or otherwise accessible to people with physical or sensory impairments. In most communities, there has been no new development of subsidized properties with accessible units that could begin to replace some of the housing lost through pre-payments or opt outs. According to surveys of Virginia residents with physical and sensory impairments, at least 29 percent of these residents have experienced problems finding housing that meets their unique needs.[54]

Federal fair housing laws require that new multi-family rental housing first made available for occupancy after October of 1991 have at least 5 percent of units as barrier-free and 2 percent for people with sensory impairments. These requirements also apply to rental housing developed with federal or state funding. VHDA, through its Qualified Allocation Plan for the Low Income Housing Tax Credit Program, has created incentives for developers to propose higher percentages of barrier free or accessible housing.

However, because there is no systematic method for tracking the inventory and availability of barrier-free or otherwise accessible housing within Virginia, it is difficult to determine if there has been a net loss or a net gain of affordable/accessible units during the past ten years. However, anecdotal evidence gathered through TAC/NCBDC interviews with stakeholders, advocates, and service providers suggests that there is a shortage of barrier-free or otherwise accessible housing for low-income people with disabilities and frail elders. The barrier free units created through DHCD and VHDA rental housing production programs are often not affordable to people with SSI incomes unless they have a Section 8 rent subsidy. Stakeholders also discussed the need to create more housing using universal design standards. Universal design incorporates the characteristics necessary for people with physical limitations into the design of common products and building spaces, making them easier and safer for everyone to use and more widely marketable and profitable. An example of universal design is the use of lever

[53] *Analysis of Housing Needs in the Commonwealth.* Virginia Department of Housing and Community Development and Virginia Housing Development Authority. November, 2001.

[54] *Study of Funding for Housing Serving People with Disabilities.* Report of the Virginia Housing and Development Authority to the Governor and the General Assembly of Virginia. Senate Document No. 12. Commonwealth of Virginia. Richmond, VA. 2000.

handles on doors. As opposed to doorknobs which can be difficult for people with limited use of their hands, lever handles are useable by all people.

The Virginia Board for People with Disabilities as well as several advocates are currently exploring the creation of a accessible housing database to help people with disabilities access barrier-free housing. Existing databases in other states vary from listings of apartments with accessibility features to a more comprehensive description of community amenities (e.g. transportation, proximity to stores, school systems, visitable housing, etc.).

Currently in Virginia there is no formal mechanism in place for owners of accessible units to list vacancies as they occur and no requirement that they do so. Without some sort of interactive system for linking owners of vacant accessible units to people with disabilities that need housing with accessibility features, people with disabilities will continue to have difficulty locating affordable barrier-free housing while these units remain vacant (or are rented to someone who doesn't need the accessibility features).

Conclusion

The needs and barriers noted above have – in the aggregate – precipitated what may be the nation's most compelling housing problem. During the 1990s, welfare-to-work and other initiatives helped to lower the incidence of worst case housing needs among households with children.[55] Unfortunately, during the past decade, the housing needs of people with disabilities and frail elders were not considered a priority in most government housing policies. This may be due in part to a lack of clarity about which government agencies are actually responsible for ensuring that extremely low-income people receiving public services have places to live. The paradigm shift in housing options for people with disabilities and frail elders, federal Medicaid policy, and the *Olmstead* decision all point to government housing programs as the appropriate response to the problem.

[55] *A Report on Worst Case Housing Needs in 1999: New Opportunity Amid Continuing Challenges*. U.S. Department of Housing and Urban Development, January 2001.

IV. Housing and Service Approaches for Frail Elders

"The most striking characteristic of seniors' housing and health care in this country is the disconnection between the two fields. With few exceptions, seniors obtain their housing from one source and their health care and supportive services from a completely different source." [56] This quotation from the recent Seniors' Commission Report to Congress called for a convergence of housing and health care.

Throughout the United States, advances in longevity, corresponding increases in frailty and cognitive impairments,[57] and the *Olmstead* decision are forcing states to reconfigure their long-term care systems for elders. States are finding it necessary to move away from their historical reliance on institutional care settings to achieve three related goals:

- Provide disabled elderly persons with greater independence, dignity, and quality of life
- Provide care to growing numbers of persons in an environment of skilled staff shortages
- Obtain cost savings for the state to limit the growth of Medicaid spending while, at the same time, serving more people

Across the nation, the reconfigurations that are underway at the state level, in general, include two primary efforts: 1) developing more state and local programs that help keep people who are disabled, frail, or cognitively impaired at home; and 2) community based residential alternatives for people who are elderly and disabled who can no longer manage at home but do not need the 24 hour sub-acute care/skilled nursing environment provided in nursing homes. To make these institutional alternatives available to persons with low-incomes, states use a variety of state and Medicaid funded approaches to deliver home based and residential services.

A. In Home Services For the Aging

The Virginia Department of Aging (VDA), through its network of 25 Area Agencies on Aging (AAAs), strives to fill the gap in service needs between those Virginians who receive public assistance, but cannot afford the services needed to remain independent. When these numbers are compared to the growing population of Older Virginians, the VDA programs often cannot fill this gap.

Virginia provides a full array of in home services for the aging including among others, home health, homemaker, personal care, adult day care, checking and chore.[58]

The table below is a summary of key services provided by the VDA that gives some indication of the number of Virginians reached by some of its principal programs:

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[56] *A Quiet Crisis in America: A Report to Congress by the Commission on Affordable Housing and Health Facility Needs for Seniors in the 21st Century,* June 30, 2002 (Seniors' Commission Report) p. 7.

[57] *Recent data show that more than 5.8 million or 18% of persons aged 65 and older, who did not reside in institutions such as nursing facilities, had difficulty performing either their everyday activities of daily living (ADLs) or their instrumental activities of daily living (IADLs), without assistance. Seniors' Commission Report, p. 26.*

[58] *A complete list of the provider services available in Virginia and descriptions of each can be found on the Virginia Department of Aging's website, service provider information page: http://www.aging.state.va.us/serviceprograms/service_menu.htm.*

Department of Aging Program	Number of Persons Served in 2001
Adult Day Care	270
Case Management Services	1,350
Homemaker Services	1,616
Meal Programs and Nutrition Services	33,061
Personal Care Services	751

Evidence gathered through this TAC/NCBDC assessment indicates that current funding for these programs is not sufficient to provide services to additional elders, let alone add services in additional senior independent housing developments where they are not currently being provided. VDA is trying to serve more people who are more frail while the state budget has been cut and Federal funding is level at best. Elder advocates in Virginia stated that current reality for the AAAs is that they must cut clients, not replace clients, and layoff staff. Determining the proper mix of services available to seniors at home and in separate special needs housing is beyond the scope of this report, however, focusing additional resources on keeping the maximum number of seniors as independent as possible is one strategy for limiting the demand for special needs housing for seniors.

For those seniors who can no longer live independently, there are intermediate options, short of moving to an assisted living project:

1. **Intermediate community based care**: This is independent living focused on a special needs population that provides some limited level of supportive services.
2. **Adult Foster Care**. This is a residential setting, usually a private residence, that provides 24-hour personal care for individuals who cannot live alone, but do not need continuous nursing care. This is currently available in Virginia and there may be opportunities to expand this.
3. **Service coordination in existing senior housing**. There may be cost effective ways of promoting senior independence by funding additional service coordination to utilize existing or expanded home care services.

The best practices and funding in home care, including adult day care, are relatively well understood. A less well understood alternative is affordable assisted living.

B. Assisted Living

Assisted living provides an independent apartment setting with high level services provided by the facility (using building staff and/or contracted service providers). To serve as a viable nursing home alternative for low-income persons, affordable assisted living needs to be explored on three levels:

- Is the state regulatory environment appropriate?
- Does the state have an appropriate and sufficient programs in place to help pay for services in assisted living for people with low-incomes?

- Does the state have housing subsidy programs in place that may be used to create assisted living developments where low-income persons can afford the rent with enough income left over to purchase food and miscellaneous living expenses not covered by other available subsidies?

1. Assisted Living Background

Until recently, aging services professionals often talked about a "continuum of care." One definition of this continuum is:

> *A coordinated array of settings in which, health, medical, and supportive services are provided in the appropriate care setting. Ideally, the older person moves, according to need, to different sites and services with strong continuity within the system. Depending upon the individual setting, the goal may be to assist the older person receiving services from the most intensive (restrictive) to the least.* [59]

There are two main problems with the continuum of care model that are often cited by advocates:

1. It does not place enough emphasis on keeping a consumer in his or her own home.
2. It usually means that the frail older person is asked to move to a new residence or facility each time he or she advances in his or her service needs. Since most of an individual's decline occurs over a relatively brief period, a continuum requires a lot of unwanted movement that is especially difficult for a frail or cognitively impaired person.

According to the American Association of Retired Persons (AARP), 89 percent of elders prefer to remain in their homes to the extent possible.[60] Among the reasons that people prefer to remain in their own homes as long as possible are:

- Maintain maximum independence and control of one's surroundings
- Continue to rely on the support network they have developed in their community and neighborhood
- Avoid becoming a part of an institutional system that limits their control over their lives and environment, and may require them to move multiple times as they become increasingly frail and need greater supports.

A corollary to AARP's finding is that people who can no longer live in their own home would prefer to move to the most home-like setting possible. The relative cost of serving someone in his or her home versus in a congregate setting depends on the level of care required by the individual, among other factors. When someone needs a supportive setting, because the cost of skilled nursing care is so great some would argue that there are cost savings to be realized by placing frail elders in the least restrictive setting necessary.

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[59] Practice report of the American Dietetic Association: home care—an emerging practice for dietetics. J Am Diet Assoc. 1999;99:1453-1459.

60 Fixing to Stay: A National survey on housing and home modification issues. American Association of Retired Persons (AARP). May 2000.

When frail elders reach the point at which they can no longer remain at home, many people prefer to move into an apartment in a building where they can receive the services, rather than a nursing home.[61] The key is to make the new living quarters as much like a person's home as possible, including preserving their control over their services and privacy while providing services that will allow them to stay in place until the end or their life or near the end of their life. This high service apartment – based care setting is what the national Assisted Living Workgroup (ALW) Report defines as "assisted living."[62]

Other standards that are sometimes included when determining the best practices for affordable assisted living include the following:

- Focus efforts on those seniors who earn less than $25,000 per year.
- Ensure that all seniors have the option to rent a private unit. Affordability for low-income seniors should not be created through double occupancy.
- Focus on appropriate de-institutionalization of seniors who desire and are capable of receiving appropriate services in assisted living.
- Integrate other long-term care services into assisted living (e.g., adult day health care, nutrition sites, clinics, respite care, etc.).[63]

Affordable assisted living best practices established by the ALW reflect the standards in private pay facilities, and more importantly, the community understood unit requirements for a private home. "Assisted living… should mirror the current environmental standards for subsidized independent senior housing; i.e., people should not give up the right to privacy simply because they need services for a disability."[64]

2. Assisted Living Regulatory Environment

Virginia has two levels of licensed housing with services. The first is "Residential Living" that includes meal preparation, housekeeping, money management, laundry and assistance with any one Activity of Daily Living (ADL), if needed. The second, higher level of housing with services is called "Assisted Living." All of the same services are provided in Assisted Living as in Residential Living, as well as assistance with any necessary ADLs, as long as the person does not have a prohibited condition, such as a ventilator dependency.

Virginia, like many states, licenses and partially subsidizes a model of elderly housing called "assisted living." This term is defined in Virginia statute as: "any congregate residential setting

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[61] *Redfoot, D., "Before the Boom: Trends in Long-Term Supportive Services for Older Americans with Disabilities",* Trend #10, AARP 2002, p. 32.

[62] Definition of Assisted Living, Assisted Living Workgroup Report, April 29, 2003, p. 12. The ALW website contains the final report of the ALW: (http://www.ncbdc.org/alworkgroup.htm). At the suggestion of U.S. Senate Special Committee on Aging, assisted living stakeholders formed the ALW to develop recommendations to ensure more consistent quality in assisted living services nationwide. The ALW published a report containing guidance on best practices and minimum standards from a majority of the participating stakeholders in April of 2003. This report serves as a major resource for policy makers and providers.

[63] *Additional suggested standards come from the Robert Wood Johnson Foundation's Coming Home Program. The Coming Home Program focuses on developing affordable assisted living in hard to reach rural areas.*

[64] *Assisted Living Workgroup, p.13, April 2003.*

that provides or coordinates personal and health care services, 24-hour supervision, and assistance (scheduled or unscheduled) for the maintenance or care of four or more adults who are aged, infirm, or disabled…"[65]

Assisted Living Unit Requirements

Minimum Under Virginia Law[66]	Best Practice
Maximum of 4 people may occupy a room	Private occupancy, shared only by the choice of residents (spouses, partners, friends)[67]
80 square feet per occupant	422 square feet per occupant[68]
1 toilet and wash basin for every 7 people 1 bathtub for every 10 people	Private bath in each unit[69]
Congregate meals only	Congregate meals and kitchenettes in each unit[70]

In addition to these unit specifications, assisted living is often much more desirable and marketable when it also includes amenities such as: a secure outdoor courtyard and indoor exercise loop, a beauty shop, an activity room, etc. These amenities further promote resident choice and independence.

These best practice standards also give projects greater financial sustainability since buildings with larger, stand alone units have other uses if the public subsidies for assisted living diminish over time. For example, an assisted living project with large separate units that include separate baths and kitchenettes could easily be converted to senior independent housing. See the Garden of Osage Terrace in Appendix G for an example of an affordable assisted living project that took this approach.

[65] *22 VAC 40-745-10.*
[66] *22 VAC 40-71.*
[67] *Assisted Living Workgroup, Definition of Assisted Living, Part B.*
[68] *Coming Home Program. This is based on one occupant per unit in a project with 650 gross square feet per person, 65 percent allocated to the units and 35 percent allocated to common space.*
[69] *Ibid.*
[70] *Ibid.*

3. Funding Assisted Living Services

A. Medicaid Options

States can subsidize affordable assisted living through one or more of the following: general revenues, a state supplement to the Federal SSI payment, a Medicaid state plan service or a Medicaid waiver. Medicaid is the primary funder of long-term care services for low-income elders; the majority of Medicaid funds are used to pay for care in nursing facilities.

In order to make assisted living affordable for people with low incomes in a long-term sustainable way, public subsidy is essential. Over the past 20 years, many state-based Medicaid programs, in partnership with the federal government, have begun to allow a portion of Medicaid appropriations to be used for various programs that support frail elders in their own homes and in assisted living. In so doing, they seek to prevent inappropriate and premature nursing home placement. Medicaid programs for nursing home alternatives are appealing to states over other options because the Federal government provides matching funds to the states reducing the states' costs.

In order to use Medicaid funds to support care outside of nursing facilities, states must first apply for and receive approval from the U.S. Department of Health and Human Services' Center for Medicare and Medicaid Services (CMS) for a Medicaid waiver [e.g. Home and Community Based Services (1915(c)), Research and Demonstration (1115), etc.] or include assisted living as part of the state's Medicaid plan.[71] Virginia previously had a Medicaid waiver to pay for high acuity, "intensive" assisted living, but that waiver was withdrawn by CMS in March 2000.

Although Medicaid pays for services in a nursing home, Medicaid cannot pay for rent or the cost of raw food in assisted living or other community settings. Medicaid can pay for the cost of meal preparation as an approved service. In order to qualify for reimbursement for services under a Medicaid waiver, a resident must meet the same requirements that the state imposes for that person to qualify for Medicaid reimbursement in a nursing home.

B. Reimbursement for Services in Virginia

In Virginia, the SSI supplement for aged and certain other individuals in assisted living, called the "Auxiliary Grant" payment is expected to fully reimburse providers for services – as well as rent and meals-- in the lower "Residential Living" level of assisted living. The Auxiliary Grant is funded 80 percent by the State and 20 percent by the local jurisdiction.[72] As of July 1, the Auxiliary Grant is equal to $854 in all of Virginia except Northern Virginia, where it is equal to $980. (These amounts include the $552 Federal SSI contribution.) Among the services the Auxiliary Grant is expected to cover are: meal preparation (3 meals per day), housekeeping, money management, laundry and assistance with any one ADL, if needed.

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[71] For a more detailed, easy to understand synopsis of how Medicaid waivers operate, see the Seniors Commission Report, pp. 48-51.

[72] *R. Mollica, State Assisted Living Policy 2002, National Academy of State Health Policy, November 2002.*

For people with higher service needs, the "Assisted Living" level reimburses providers with the auxiliary grant plus an extra $3 a day. This level serves those who need assistance with two or more ADLs. Until the withdrawal of Virginia's assisted living waiver, this level was divided into "Regular Assisted Living," for people who needed assistance with 2-3 ADLs and "Intensive Assisted Living" for people who needed assistance with 4 or more ADLs.

Currently, the maximum reimbursement is only $3 per day more than the Auxiliary Grant, regardless of the number of ADLs the assisted living project must help the resident complete. Virginia's reimbursement system that provides no incremental additional reimbursement for care beyond 2 ADLs, creates an economic incentive for assisted living providers not to want to take a new resident who requires more care than this, or to keep a resident when that person reaches a point where he or she needs help with 3 or more ADLs.

Following withdrawal of the Intensive Assisted Living Medicaid Waiver in 2000, a study of the withdrawn waiver was conducted by the Virginia Department of Medical Assistance Services (DMAS). Among other things, the 2000 study referred to previous research that had not demonstrated a need for an increase in the Auxiliary Grant rate, despite claims by service providers that the cost of care for individuals with higher acuity needs far exceeds the current reimbursement rate.[73] A thorough review of that finding is beyond the scope of this project. However, two states bordering Virginia have Medicaid waivers for assisted living. As the following chart makes clear, Virginia's total reimbursement in assisted living is about half that of two of its bordering states:

[73] *A Study of Virginia's 1915-c Medicaid-Funded Home and Community-Based Waiver for Intensive Assisted Living Services, p. 20, House Document 64, 2000. The 2000 study provides in part: "A 1998 study of the costs of ACR services to Auxiliary Grant recipients in Virginia by DMAS and the Department of Social Services (DSS) concluded that finding for the study did not demonstrate a need for an across-the-board increase in the Auxiliary Grant rate (CHPS Consulting and Clifton Gunderson, P.L.L.C., 1998). The study also found that, while providers assert that costs vary with the level of resident need for assisted living, there was a very weak correlation between the costs of care for residents and the various levels of care."*

Total Monthly Reimbursement (2001)[74]

	Assisted Living Services	SSI and Supplements Including Personal Needs Allowance	Total Assisted Living Rate
Virginia	$91.26 Regular (2 ADLs) 182.52 Intensive[75]	$903 - $1029, depending on area of the state	$994.26 - $1121.52
Maryland	$1564 - $1975 (tiered)	$545	$2109 - $2520
North Carolina	Varies to a max of $964 (case mix)	$1127	Up to $2091

Note: Monthly rates are calculated multiplying daily rates by 30.42 days.

TAC/NCBDC spoke to numerous stakeholders and virtually everyone agreed that Virginia's current services reimbursement rate is significantly less than what is required to provide good care. Some AAAs compared the reimbursement rate in assisted living to what is available to people who provide adult day care, saying, "the reimbursement for assisted living is clearly inadequate. Adult day care providers barely scrape by on a daily reimbursement that is $7 greater, when assisted living providers have to furnish far greater care including: a place to live, 3 meals instead of 1 and overnight supervision." Another stakeholder stated, "the reimbursement rate needs to be realistic for the work and services that are to be provided. Compare Virginia's Auxiliary Grant to the cost of a budget motel at $30 a day, or about $900 per month. That budget motel provides only shelter, but for roughly the same amount of money Virginia expects assisted living providers to also cover the cost of laundry, food and services."

A partial solution, for some frail elders with higher care needs, might be found in the DMAS study referred to above. According to that study, approximately 20 percent of Medicaid beneficiaries receiving services in Virginia nursing facilities are likely to benefit from a less restrictive alternative.[76] This nursing care currently costs between $103 and $106 per day. Shifting appropriate people from nursing care to a community-based setting responds to the *Olmstead* community integration mandate and could result in more independence and a higher quality of life for elderly individuals as well as potential cost savings to the state.

For low-income frail elders no longer able to live independently who do not meet nursing facility criteria, additional subsidy is probably one of the only alternatives. This subsidy will likely have to come from the Commonwealth, but there may be ways that some of these costs can be covered through cross subsidy that is internal to a project. Please see the example given in Recommendation 4.

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[74] *Comparison of State Assisted Living Policy and Reimbursement, National Academy of State Health Policy, NCBDC,* November 3, 2001 and *Pre-Convention Seminar on Developing Affordable Assisted Living, AAHSA Annual Meeting,* Oct. 27, 2002.

[75] *The Intensive Assisted Living reimbursement amount of $6 per day is now only available to people who were covered by the Medicaid waiver before it was withdrawn for any new applicants in 2000.*

[76] *A Study of Virginia's 1915c Medicaid-Funded Home and Community Based Waiver for Intensive Assisted Living Services,* House Document 64, 2000 (DMAS Study).

Although it seems that Virginia's reimbursement rates may be too low to cover the costs of high quality affordable assisted living services, it is important that increased reimbursement rates be coupled with strong quality care indicators to monitor the care provided. This is particularly important if Virginia decides to look at possible nursing home diversion strategies.

4. Funding Assisted Living Housing Development

The major challenge of developing affordable assisted living is to make it affordable to elders with the lowest incomes, including those elders whose income is limited to SSI benefits of $552 per month. States can reimburse for the services delivered in assisted living, but cannot by law use Medicaid funding to reimburse for the related housing costs. Unfortunately, in market rate assisted living, the cost of services almost always exceeds Medicaid reimbursement and the housing costs typically exceeds the income that Medicaid eligible persons have or are allowed to retain.

Housing costs must be reduced so that they fall within the income limits on Medicaid eligible residents. Bob Mollica, an assisted living expert, has said: "state policy makers need to work with housing finance agencies and providers to understand the room-and-board costs that cannot be covered under Medicaid, as well as the service costs that can be covered. To be able to move into assisted living residences, frail older people with low incomes will need to retain sufficient income to pay for the room and board costs."[77]

For assisted living to be affordable to an SSI recipient, the room and board would need to be restricted to the amount available under SSI. In Virginia, this would likely be $552, because the amount available through Virginia's Auxiliary Grant is likely not enough to pay for the services that must be covered.

In contrast to most affordable independent housing, it is generally accepted in affordable assisted living that a person can pay almost all of his or her SSI payment for both housing and food costs since they usually do not have other living expenses such as utilities. However, this assumes a personal needs allowance that is adequate to pay for such things as medical co-payments, prescriptions not covered by Medicaid, telephone and any other expenses the person may have that is not covered by room and board. Furthermore, rents tend to be higher in assisted living because they often cover the operating costs of the specialized common spaces that are needed in addition to the individual unit costs.

It has been demonstrated in several states that it is possible to deliver a comprehensive array of assisted living services under the state Medicaid reimbursement parameters, when those parameters are set to provide efficient, but good quality services. In these states, assisted living projects have been created in combination with operating or rent subsidies that create rents that are affordable to elders with SSI income levels.

From a housing development perspective, a building with large separate units each with their own bath and other amenities is more financially sustainable because it is much more flexible.

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[77] *State Assisted Living Policy, Robert L. Mollica, Ed.D, National Academy for State Health Policy, 1998*

An assisted living building developed to Virginia's minimum standards is ineligible for most federal housing subsidy programs because it is not "residential rental property" under Federal law, which requires separate and complete facilities for: eating, living, sleeping, cooking, bathing and sanitation.[78] In addition to eligibility for more subsidy programs, a building that meets residential rental property standards is more competitive in the marketplace because people prefer to live in a more home-like setting.

The Federal LIHTC program is an almost essential resource to successfully developing high quality affordable assisted living. With this model, the best way to satisfy tax credit investors that an assisted living project is a safe investment is to build it with one-bedroom units, rather than studio apartments, and of a size sufficient to convert it to senior independent living, should the assisted living purpose fail to attract enough residents. This "belt and suspenders" approach helps to get maximum return on tax credits. This further promotes financial sustainability.

The recent changes announced by VHDA to its LIHTC funding process will be a great help in lining up the necessary housing resources to successfully develop affordable assisted living in Virginia.

Conclusion

Virginia has an assisted living regulatory structure that is up to date in most respects, but its reimbursement amount is arguably insufficient, notwithstanding the often cited findings from a 1998 study. To meet current best practice standards, the regulatory structure needs to be updated to require larger, private units.

As the Commonwealth increases assisted living reimbursement by, for example, securing a new assisted living Medicaid waiver, it could make this new funding stream available only to providers willing to meet the new higher standards. This would include additional reimbursement for assisted living providers willing to serve frail elders who need assistance with 3 or more ADLs as part of their resident population. This approach taken in some other states allows existing operators to continue with the current system while Virginia moves forward to create a model affordable assisted living environment.

[78] *26 U.S.C. Sec. 168(e)(2)(A)*

V. Current Housing and Supportive Services Approaches

For many individuals with disabilities and seniors, supportive services are essential to accessing and maintaining housing. However, the complex rules of eligibility and the flexibility afforded to the states by the federal government often make it difficult for a person in need of supports to navigate the maze of government benefits that may be available.

Major resources outside those available from HUD often play a critical role in helping address the housing needs of people with disabilities and seniors. To the extent these resources are utilized and coordinated at the local and state levels, they will have a critical impact on the type of housing that may be available to the targeted populations. The major supportive service funding streams that were reviewed in this assessment of housing opportunities in Virginia have several features in common. All require state plans to be submitted to the federal government that define need and describe the scope of services to be offered to eligible individuals and individual families. Each funding stream offers states some flexibility in decision making to select from a menu of possible service options to craft their specific strategies to meet identified health, social services, and other needs. Several of the funding streams offer housing support as well as supportive services in and outside the home.

The analysis of selected funding streams involved review of state plans, policy and procedure manuals, annual reports, Council meeting minutes, and program materials. In addition to material review, stakeholders at the administering agencies and other decision makers in and outside of government were also interviewed to probe further to identify challenges and opportunities of the specific service delivery systems. Six state agencies were the target of this analysis:

A. Virginia Department of Rehabilitative Services (DRS)
B. Virginia Statewide Independent Living Council (SILC)
C. Virginia Department of Mental Health, Mental Retardation, and Substance Abuse Services (DMHMRSAS)
D. Virginia Department of Medical Assistance Services (DMAS)
E. Virginia Department for the Aging

In addition to these major human service agencies, TAC/NCBDC interviewed key stakeholders with two other state agencies that have related advocacy, oversight, and coordination functions:

F. Virginia Board For People with Disabilities
G. Virginia Office of Protection and Advocacy

A. Public Vocational Rehabilitation

The public vocational rehabilitation system has existed in the U.S. since the 1920s. Congress currently gives money to each state to provide vocational rehabilitation (VR) services to people with disabilities "to empower [them] to maximize their employability, economic self-sufficiency, independence and integration into the work place and the community."

To receive Federal vocational rehabilitation funds, a state must submit a plan that is consistent with the Rehabilitation Act and designate a single state agency to administer the plan. In

Virginia, the designated state agency is the Virginia Department of Rehabilitative Services (DRS)[79] .

States can also designate a second agency to provide services to individuals who are blind, and Virginia is one of the states that has chosen to do this. The designated second agency is the Virginia Department for the Blind and Vision Impaired (DBVI).[80]

In compliance with the Rehabilitation Act of 1973, as amended, the Virginia DRS administers a variety of programs offering a broad range of services to individuals with disabilities that enhance opportunities for independent living. These programs go beyond what is traditionally thought of as basic job training.

In reviewing the DRS state plan for 2002-2003 and other related materials, there is no mention or use of the words "housing," "house," or "rental assistance." However, despite the lack of evidence to support an interest in housing related assistance, interviews with decision makers at DRS clearly indicated that housing was a priority. DRS staff indicated that "this is the first year in the history of the agency that DRS has had a complete focus on housing for people with disabilities . . . The major barrier for Virginians with disabilities used to be transportation but housing is really the barrier now . . . DRS is definitely open to partnering and restructuring their work to increase housing opportunities."

There are a number of programs that DRS currently manages that have varying degrees of visibility and reach for the two targeted populations. In particular, there are three programs identified that offer housing related support and assistance.

- The **Rental Assistance Program** offers to individuals with disabilities who have an open VR account the benefits of "maintenance services." DRS defines maintenance as monetary support for those expenses such as food, **shelter**, and clothing that are in excess of the individuals normal living expenses and are required in order for the individual to receive vocational rehabilitation services. DRS will only provide maintenance services under very limited circumstances, such as coverage for room, board, and utility costs when the counselor and individual agree that the individual must relocate in order to seek or obtain employment or to receive DRS approved physical or occupational therapy services and it is not appropriate or cost effective to commute. Payments for maintenance services are time limited and the actual expense may not exceed $500 per month. However, the DRS manual makes it clear that maintenance services are not meant to be used as long-term solutions. Accordingly, they may not be used: a) to establish or maintain a household, or b) to alleviate poor living conditions. Under certain conditions, a DRS counselor may authorize emergency shelter for normal living expenses to cover room and board costs. Annually, the number of individuals with disabilities receiving emergency shelter or maintenance services represents less than one percent of the total group of individuals receiving DRS services.

[79] The DRS 2002-2003 State plan is available online at www.vadrs.org/stateplan.htm.
[80] DBVI also has their five year State plan available online at www.vdbvi.org/vrfiveyrsp.htm#FYSP**.** At this same site are amendments to the State plan for each year from 1998-2002, and the Strategic Plan for 1998-2000.

- Through **Assistive Technology services**, DRS can provide home modification assistance to VR clients that include architectural changes and permanent installation of equipment "directly related to removing the impediment to employment." Architectural changes can include but are not limited to:

  - Adding ramps and other structures to enter, move about in, or exit the home;
  - Widening doorways;
  - Retrofitting a bathroom;
  - Modifying a consumer's bedroom; and
  - Lowering counter tops and making other modifications to an eating area or kitchen.

  To be eligible for the home modification services, an individual must have an Employment Plan that includes, at a minimum, vocational counseling and job placement services. In accordance with this requirement, equipment can be installed or modified if it is directly related, again, to "removing the impediment to employment, such as telephones, plumbing systems, and electrical, heating, or air conditioning systems if directly related to the consumer's disability." For example, DRS may pay to install a phone for a job-seeking consumer, but may not pay for monthly phone bills.[81]

- Virginia Assistive Technology System (VATS) is a statewide systems change project committed to improving the quality of life for all Virginians by increasing awareness and accessibility of assistive technology. In partnership with with consumers, employers, educators, public and private agencies, VATS strives to bring about change in practice, policies, and laws to improve access to assistive technology. VATS has four Assistive Technology Regional Sites throughout Virginia that provide training, public awareness, and general technical assistance for consumers in need of assistive technology. VATS does no loan programs for home modifications at this time.

- As a related supportive service, DRS offers **personal assistance services** to enable persons with disabilities to stay in their homes. DRS manages three personal assistance service programs. Less than 300 individuals with disabilities benefited from these programs in the last fiscal year.

In total, DRS in 2002 expended 19 million dollars to provide supportive services to persons with disabilities in Virginia. Although their resource base is not increasing, there is a genuine interest and commitment to cross agency collaboration and resource sharing to overcome existing barriers to affordable and accessible housing.

Since 1992, DRS oversees a statewide network of Disability Service Boards (DSB). DSBs are partnerships of consumers, local governments, and business entities that work to increase access and develop consumer-oriented, community-based services for persons with physical and sensory disabilities. Every two years, each DSB in Virginia completes a *Needs Assessment* for their area. In the most recent available Summary Report of the needs and priorities of people

[81] *Policy and Procedures Manual.* Department of Rehabilitative Services. March, 2003.

with physical and sensory disabilities, which DRS actually prepares, the following housing concerns were noted:

- Lack of accessible and affordable housing;
- Lack of resources to obtain accessibility modifications; and
- Lack of accessible emergency shelters[82].

Most areas polled state that the number of individuals and families awaiting accessible dwelling is growing at a steady rate while the number of accessible dwellings available are not. Statewide, individuals with disabilities have complained that they were dissatisfied with where "they were forced to live".

On an annual basis, the Disability Services Council awards grants through the Rehabilitative Services Incentive Fund (RSIF) to address unmet or underserved needs identified in local DSB needs assessments. Single or multiple year (up to three years) grants are available to organizations through local DSBs when localities match the state grant. Grants can be used to increase service capacity through expanding existing services or creating new services.

In 2002 and 2003, over 17 awards were made related to housing. The funding levels of awards varied from a low of $6,000 to create a regional housing information center to over $20,000 to make home accessibility modifications for low income individuals with physical and/or sensory disabilities.[83]

Currently, there does not appear to be any organized coordination or exchange of information on these various housing projects between the DSBs.

B. Statewide Independent Living Council and Centers for Independent Living

The Rehabilitation Act of 1973, as amended, (described earlier), includes provisions for the creation and funding of Statewide Independent Living Councils and Centers for Independent Living. States receive funds on a formula basis to provide independent living services to individuals with significant disabilities.

Statewide Independent Living Councils (SILCs) are state agencies and they partner with the designated state vocational rehabilitation entity to develop the State Plan for Independent Living (SPIL). This plan determines how the independent living network will operate and how funding will be allocated. In addition to developing the State Plan for Independent Living, the SILC is also responsible for monitoring, reviewing, and evaluating the implementation of the State plan and coordinating its efforts with the State Rehabilitation Council .

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[82] 2000 DSB Needs Assessment Survey. Department of Rehabilitative Services. 2000. Alexandria's Disability Services Board noted that the lack of accessible, affordable housing in the City and surrounding jurisdictions is a major barrier to independent living. Other barriers identified were lack of reliable information on the availability of barrier-free housing, lack of services and resources for accessibility modifications and discriminatory policies and practices in the housing market.

[83] *2002 RSIF Grants Awarded* and *2003 RSIF Grants Awarded.* Department of Rehabilitative Services. 2002 and 2003.

The required composition of the SILCs is detailed in the Rehabilitation Act. The majority of the SILC members must be people with disabilities, provide statewide representation, represent a broad range of individuals with disabilities from diverse backgrounds, and be knowledgeable about centers for independent living and independent living services.

The Virginia SILC is an independent planning body that works to increase independent living services for Virginians. It operates within DRS and DBVI. The members are appointed by the Governor and represent people with significant disabilities from all over Virginia and the interests of the centers for independent living.

Centers for Independent Living (CILs), which are also funded in part by the Rehabilitation Act, are local community-based, non-residential resource centers that are operated and governed primarily by people with disabilities. Centers for Independent Living that receive money under the Rehabilitation Act must promote and practice the independent living philosophy including:

- Consumer control of the CIL on decision-making, service delivery, management, and policies;
- Self-help and self-advocacy;
- Development of peer relationships and peer role models; and
- Equal access of individuals with significant disabilities to society and to all services, programs, activities, resources, and facilities, whether public or private and regardless of the funding source.[84]

All CILs must provide the four "core" services – Information and Referral, Peer Counseling, Independent Living Skills Training, and Individual and Systems Change Advocacy. They also offer a varied, broad range of other services to individuals with significant disabilities and the local community at large. These can include:

- Counseling services, including psychological, psychotherapeutic, and related services;
- Services related to securing housing or shelter and adaptive housing services;
- Mobility training;
- Personal assistance services, including attendant care and the training of personnel providing such services;
- Surveys, directories, and other activities to identify appropriate housing, recreation opportunities, and accessible transportation, and other support services;
- Consumer information programs on rehabilitation and independent living services available under this Act, especially for minorities and other individuals with disabilities who have traditionally been unserved or underserved by programs under this Act;[85]
- Transportation, including referral and assistance for such transportation and training in the use of public transportation vehicles and systems; and

[84] *2001-2004 Virginia State Plan for Independent Living.*
[85] Available at http://www.vasilc.org.

- Community awareness programs to enhance the understanding and integration into society of individuals with disabilities.

There are 16 CILs in Virginia. In fiscal year 2001 the Virginia CILs provided comprehensive services to over 5,500 consumers and provided local communities with over 20,000 hours of Systems Advocacy and Community Education.[86]

Although the SILC is not mandated to pursue housing specific activities, housing is a very key element of living independently in the community. The 16 CILs do provide supportive services that assist individuals with disabilities to identify appropriate housing, assist with applications for rental assistance with public housing agencies, and sponsor or provide accommodations to and modifications of any space used to serve or occupied by individuals with significant disabilities.

As a result of a grant from the Centers for Medicare and Medicaid Services (CMS), the CILs statewide have housing assistance coordinators who are specifically targeting a portion of the *Olmstead* class who are individuals with physical disabilities currently residing in nursing homes who are seeking to find affordable and accessible housing options in their local community. Through this program, staff from the CILs visit nursing homes weekly to assist residents with independent living issues and then spend the majority of their time with nursing home transition issues including finding accessible and affordable units, applying for housing choice vouchers, locating furniture, and assessing possible accommodation strategies.

According to CIL staff, the demand for supportive services exceeds the staff capacity at CILs statewide to respond effectively in a timely manner to the demand for community living options. With the budget constraints in the current fiscal year, each of the CILs was forced to cut staff as a result of reduced funding. A SILC survey identified 2,000 individuals with disabilities under age 60 living in nursing homes who need an affordable and accessible place to live in a community setting.[87] Demand for assistance far exceeds current CIL staff capacity to respond in a timely way. The consistent theme of those interviewed from CILs was the need for more collaborative efforts with state and local agencies from service and housing working more closely. "State and local agencies from both the service and housing sectors need to be working together more closely."

[86] Available at http://www.vasilc.org.
[87] *The 2001 Customer Satisfaction Survey Results.* Virginia Centers for Independent Living. 2001.

C. Virginia Department of Mental Health, Mental Retardation, and Substance Abuse Services

The mission of the *Virginia Department of Mental Health, Mental Retardation and Substance Abuse Services* (DMHMRSAS) is improving the quality of life and self-sufficiency of people with serious mental illnesses, serious emotional disturbances, mental retardation, developmental delays, and alcohol and other drug addiction or abuse problems. The public services system the agency oversees includes 15 state facilities and 40 community services boards (CSBs).

It is the *Community Services Boards* that are responsible for delivering the community-based services, both directly and through contracts with private providers: "They are the single point of responsibility and authority for assessing consumer needs, accessing a comprehensive array of services and supports, and managing state-controlled funds for community-based services." The CSBs also function as the single point of entry into the services system, including access to case management and coordination of services. They also function as advocates, community educators and organizers, advisors to local governments, and the entity responsible for programmatic and financial accountability.

Another player in the DMHMRSAS structure is the *Virginia Mental Health, Mental Retardation and Substance Abuse Services Board*, the policy-making body for the Department. The Board is made up of nine citizens from across Virginia who are appointed by the Governor and confirmed by the Virginia General Assembly. At least one third of the members must be consumers or family members of consumers. The Board establishes programmatic and fiscal policies governing the operation of the community services boards and also ensures the development of long-range programs and plans for services provided by the Commonwealth and by the CSBs.

The DMHMRSAS Comprehensive State Plan lists as one of its primary goals, maximizing the use of all available housing resources to address the housing and community-supports needs of individuals receiving mental health, mental retardation, and substance abuse services.[88] Throughout the plan there are proposals to enhance and improve Virginia's current services system, particularly community-based services, and they all include housing – as well as the related areas of Medicaid, social services, primary health care, and vocational assistance.

The Comprehensive State Plan notes that although there is a need for intensive and supervised housing options for consumers, most individuals need (and prefer) supportive housing: "These consumers are able and prefer to live independently in existing community housing, provided that they are able to access an array of community-based services." The Plan continues by noting that studies looking at the impact of supportive housing programs for people who were homeless and had a serious mental illness show that they had marked reductions in shelter use, hospitalizations, length of stay when re-hospitalized, and incarceration.[89] Furthermore, the cost of the supportive housing programs was almost totally offset by savings in those reductions.

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[88] *Comprehensive State Plan: 2002-2006.* Department of Mental Health, Mental Retardation, and Substance Abuse Services. 2001.
[89] Ibid.

DMHMRSAS has committed itself to pursuing funding resources and interagency collaboration to meet the housing needs of people receiving services during their transition to community living. The specific strategies related to funding for housing included:

- Provide ongoing assistance to CSBs and publicly funded services providers in accessing federal resources to meet the housing and community-based supports needs of individuals receiving services.
- Continue to provide information to CSBs about grants and other funding opportunities that provide resources to meet housing needs.
- Work closely with the Virginia Housing Development Authority, the Department of Housing and Community Development, and other agencies to maximize the use of all available resources.
- Implement an ongoing interagency council, comprised of the Department, the Virginia Housing Development Authority, the Department of Housing and Community Development, and representatives of CSBs, local governments, and housing authorities, to build a strong partnership between state and local organizations with a responsibility for addressing housing needs and issues.[90]

In 2002, the Department spent $105 million on residential services, serving 24,000 individuals with disabilities. Numerous individuals interviewed from in and outside government expressed a common concern that the greatest share or funding was tied to group home living rather than other independent and integrated living options. However, no two CSBs offer the same mix of services. All CSBs offer some combination of services directly and through contracts with other organizations. Two years ago, DMHMRSAS asked each CSB to identify applicable barriers to discharge, other than service unavailability, for each individual on its state facility discharge waiting list. This identification was based upon the most recent assessment of the individual's needs and circumstances. One of the most commonly identified barriers to discharge was the lack of appropriate and affordable housing currently available.[91]

In December 2002, regional reinvestment projects were proposed by Governor Warner to work toward restructuring the services system and look at possible strategies that would achieve a balance between community mental health services and public acute inpatient psychiatric services. The long-term goal is to "continue progress on moving the system toward community-based care, so that we can help all Virginians live in the community with dignity and independence."[92]

Many stakeholders interviewed in and outside government expressed concern that the public policy goal of increased support for community based services has been clear for two decades. Numerous reports since 1980 have confirmed the need to support individualization of services for persons with mental health and mental retardation challenges in community settings. As concluded in the 2000 Report of the Joint Subcommittee to Evaluate the Future Delivery of

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[90] Ibid.

[91] *Overview of Community Services Delivery in Virginia.* Department of Mental Health, Mental Retardation, and Substance Abuse Services. 2001.

[92] *Regional Investment Projects.* Department of Mental Health, Mental Retardation and Substance Abuse Services Office of Legislation and Public Relations. Volume 1, Issue 1. 2003.

Publicly Funded Mental Health, Mental Retardation, and Substance Abuse Services, "the concept of community based services has been reaffirmed through a succession of legislative and executive reviews over the years. Unfortunately, the Commonwealth has failed to follow through with the necessary resources to realize the vision."[93] Regional partnerships have initiated public forums since last December in five areas statewide. Final reports are due in late summer 2003 and early 2004.[94]

DMHMRSAS has requested funding in the last two years for the development of a Consumer Housing Assistance fund for mental health consumers documented to be in need of supportive residential services. The fund is controlled by the DMHMRSAS to insure that the assistance will follow consumers through their own housing of choice. The Housing Assistance fund is to be used in a "flexible manner" to meet the costs of various housing types and individualized support service requirements as well as local fair market rental rates determined by HUD.

The State Plan for the Department lists as one of its primary objectives the pursuit of funding resources and interagency collaborative responses to meet the housing needs of individuals receiving services during their transition to community living. However, at this time only a small number of CSBs statewide are working closely with their public housing agencies to identify the full range of opportunities for resource sharing. On a more positive note, a handful of CSBs are now serving as local Section 8 administrators with (VHDA).[95]

At this time, DMHMRSAS neither requires CSBs to fund housing services nor monitors it and has no real data on how much funding is spent for housing purposes. There is no specific set aside for housing currently. The majority of CSBs use the funds for rental assistance or wrap around housing services, not capital for development.

D. Virginia Department of Medical Assistance Services

In Virginia, the largest source of funding for supportive services that has a significant impact on the two targeted populations is Medicaid. The Virginia Department of Medical Assistance Service (DMAS) submits a state plan for approval to the Centers For Medicare and Medicaid Services (CMS) at the federal level. The State Plan describes a menu of services that are available to all Medicaid enrollees meeting low income and medical necessity criteria. DMAS is also currently managing six Medicaid Waiver programs targeted to specific population groups and each with a distinct menu of supportive services. The six waiver programs are targeted to:

- Individuals with AIDS to receive services at home rather than in nursing facilities or hospitals;
- Individuals who are elderly and/or disabled age 65 or older and at imminent risk of nursing home placement to receive services at home;

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[93] *2000 Report of the Joint Subcommittee to Evaluate the Future Delivery of Publicly Funded Mental Health Retardation and Substance Abuse Servies.*

[94] *Comprehensive State Plan: 2002-2006.* Department of Mental Health, Mental Retardation, and Substance Abuse Services. 2001.

[95] *Available from the Department of Mental Health, Mental Retardation, and Substance Abuse Services. Available at http://www.dmhmrsas.state.va.us. 2003.*

- Individuals with mental retardation to be provided services at home and in the community rather than in an Intermediate Care Facility for the Mentally Retarded (ICF/MR);
- Individuals who are technology assisted to receive nursing assistance and other supports at home rather than in a skilled nursing facility;
- Individuals who are over 65 or disabled and over age 18 and in imminent risk of nursing facility placement who are in need of personal assistance services; and
- Individuals with developmental disabilities and families at risk of ICF/MR placement who receive a variety of supportive services at home.[96]

The chart in Appendix B provides a full overview of services offered through each of the six waivers and the current reimbursement rate by service.

Four of the six waiver programs have no waiting lists at this time. The waiver for individuals with mental retardation has over 700 individuals on an urgent waiting list. Urgent need is defined by a home situation where there are aging caregivers and immediate need for a community based living alternative. The waiver for individuals with developmental disabilities and families has over 400 individuals on a waiting list that have met criteria for eligibility and there are an additional 400 or more individuals statewide who need to be screened.[97]

In terms of dollars expended, the largest Waiver program was the Mental Retardation Waiver. Over 5,000 individuals were served under this waiver at an annual cost in excess of $170 million dollars. The majority of the funding was spent on congregate residential options or group homes. The Developmental Disabilities Waiver does not reimburse for congregate residential services. It allows only in-home support and independent apartment living.

With funds from the state and federal Medicaid dollars, DMHMRSAS manages state mental retardation congregate care facilities or training centers. There are five training centers statewide that are serving over 1,700 residents. The total annual operating cost for the five centers was in excess of $188 million dollars in FY 2002. In contrast, there are an array of supportive services provided directly or contractually by the forty Community Service Boards to individuals with needs related to mental retardation, mental health and substance abuse. The total annual expenditures in FY 2002 was an approximately equal amount of dollars in excess of 190 million.[98]

However, in the number of persons served was over 23,000 individuals as compared to 1,700 individuals in the training centers. In addition to the training centers, DMHMRSAS manages 9 mental health facilities. In 2002, these facilities served over 5,500 individuals at a cost of over 262 million dollars. Of this amount, in excess of 182 million were state general funds. At the

[96] *Just the Facts: Virginia's Mental Retardation Community Waiver.* Department of Mental Health, Mental Retardation, and Substance Abuse Services. 2002.
[97] *Just the Facts: Virginia's Mental Retardation Community Waiver.* Department of Mental Health, Mental Retardation, and Substance Abuse Services. 2002.
[98] *Annual Financial Report, Fiscal Year 2002.* Department of Mental Health, Mental Retardation, and Substance Abuse Services. 2002.

same time, over 100,000 individuals received community mental health services at a cost of over 200 million dollars.[99]

Multiple stakeholders interviewed expressed concern over the funding levels in congregate care facilities. The current average cost per person in an ICF/MR facility is in excess of $100,000 annually. But equal concern was expressed that the current HCBS (1915c) waiver also sets no limits on the number of individuals that could reside in a "community based congregate care facility," potentially leading to housing that resembles "mini-institutions."[100]

A work group at DMAS is currently looking at new options offered by CMS at a federal level so that money can follow a person and provide people with disabilities and elders with more independent choices.

E. Virginia Department For the Aging

The Virginia Department for the Aging provides a wide variety of supportive services for individuals 60 years of age and older. The services menu includes case management, transportation, health prevention and promotion, homemaker assistance, food, personal care, socialization, education, and recreation. Supportive services are provided through 25 local area agencies on aging.

The majority of funds available to the Department of Aging are funds provided by the Federal Older Americans Act and then supplemented by the Virginia General Assembly. Funding levels are limited and the scope of supports and services may vary by local area. Many of the services are aimed at supporting seniors to remain living in their current home environment.

In FY 2002 over 600 seniors benefited from a residential repair and renovation program that assists with home maintenance and modification to accommodate the use of a wheelchair.[101] Over 700 seniors received personal assistance with critical activities of daily living in their home such as bathing, dressing, eating, and toileting.[102] Over 1.4 million dollars was expended on personal care services. The most seniors benefited in the last fiscal year from information and counseling services to help identify programs and supportive service to enable them to remain independent and in their own homes. Over 38,000 seniors benefited from information assistance at a cost of $3 million last year.

As the demographic picture for the state continues to change and number of individuals over age 65 years continues to increase rapidly with very low income status, the demand for in-home supportive services and out-of-home supportive living environments as a more desired alternative to nursing home placement is increasing beyond the capacity of the system to respond in a timely and effective manner.

F. Virginia Board For People with Disabilities (VBPD)

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[99] *Virginia Department of Medical Assistance Services, Mental Retardation Waiver policies and documents.*
[100] 2002 Legislative and Activity Matrix. *Virginia Association of Community Services Boards. 2002.*
[101] *Summary of Services, Programs, and Initiatives Provided to Virginians with Disabilities. 2002.*
[102] *Ibid.*

Unlike the analysis of the five state agencies responsible for planning and delivery of services to the two targeted populations, the Virginia Board does not directly manage supportive services. VBPD is unique in that it serves Virginia as both the state's Developmental Disabilities Planning Council and as the Governor's Advisory Council on issues affecting people with disabilities.

Historically, VBPD's work has been organized under three committees: Employment, Education, and Community Inclusion. VBPD has kept these three as their general priority categories, organizing within them the Developmental Disabilities Act-required subject areas and timeline. The Community Inclusion Committee addresses a wide array of activities to facilitate systemic changes "in the scope and degree to which people with disabilities are included, involved, live independently and contribute maximally to their communities." As of this year, the Community Inclusion work also includes a focus on housing because during the planning and needs assessment phases of the state plan it was determined to be a significant need by people with disabilities in Virginia.

In 2002 VBPD awarded a grant to examine homeownership challenges for people with disabilities in Virginia. In 2003, VBPD awarded a demonstration project to put together an accessible housing registry that will help track statewide available and accessible units for lease or purchases.[103]

Interviewees at VBPD expressed their greatest concern that the state agencies responsible for housing are too far removed from the service agencies. Collaboration across state agencies must improve and "involve individuals with disabilities" directly in the discussion.

G. Virginia Office of Protection and Advocacy (VOPA)

Virginia, as well as the other states and territories, have protection and advocacy (P&A) organizations that are funded by various state and federal sources. The history of Virginia's protection and advocacy office is unique in that until July 2002 it was the Department for Rights of Virginians with Disabilities (DRVD), a division within the executive branch of Virginia state government. Protection and advocacy agencies are generally independent of state government so that there is not a "chilling" effect upon advocacy on behalf of individuals with disabilities.

Due to the long time efforts of advocates and consumers, and with the support of Governor Mark Warner and the Virginia General Assembly, DRVD is now the Virginia Office for Protection and Advocacy – a totally independent state agency. As with other P&As, VOPA receives funding from multiple sources -

a) Virginians with Disabilities Act Program – This program funds VOPA to monitor and enforce the Virginians with Disabilities Act, which makes it illegal to discriminate against individuals on the basis of a disability in housing, employment, voting, programs

[103] *Developmental Disabilities State Plan, 2001-2006.*

or activities conducted by the Commonwealth of Virginia, education, access to public places, and transportation.[104]

b) Developmental Disabilities Program – The Developmental Disabilities Assistance and Bill of Rights Act funds VOPA to provide legal and advocacy services to assist people with severe, lifelong disabilities who require special care, housing, treatment, and services.[105]

Within each of these categories/funding sources, a protection and advocacy agency can set priorities. In the current fiscal year VOPA will look to represent the interests of people with mental retardation and developmental disabilities who are in training centers who are ready for discharge and others already living in the community who are being denied appropriate supports in the most integrated setting as required by the *Olmstead* decision. A similar priority will be on representing the interests of individuals seeking to be discharged from the mental health facilities operated by the state.[106]

Interviewees at VOPA also expressed concern about cross agency discussion and collaboration as well as limited focus on enforcement of the provisions of the Fair Housing Act.

Conclusion

The analysis of the major supportive service activities and allocation of resources in Virginia reinforce perceptions and concerns about challenges and opportunities to meeting the affordable and accessible housing and supportive service needs of low income Virginians who are aging and/or disabled. There is no single funding stream that meets all individual needs to live and be supported in community settings. There is no single information source that can help an individual with a disability and/or a frail elder provide a roadmap of possible benefits and assistance available from government to meet the *Olmstead* community imperative. With the current federal and state budget picture, there are now more than ever reasons to examine more closely resource allocation across agencies at state and local levels to find the opportunities to reinforce together a consistent set of principles that:

a) Promotes individual choice;
b) Provides dollars to follow the individual from restrictive settings to community options;
c) Increases funding from existing resources toward individual choice and more independent living alternatives; and
d) Reexamines possible new linkages between the service and housing agencies.

The assessment of the service system reveals a need for a unified consistent philosophy concerning housing and supportive services. The continued investment by the supportive service

[104] *Code of Virginia, Chapter 8.1.*
[105] *Available at http://www.vopa.va.state.us.*
[106] Available at http://www.vopa.va.state.us.

agencies in congregate facilities creates opportunities to both revisit philosophy and translate philosophy into a consistent course of action.

VI. Opportunities and Barriers in the Affordable Housing System in Virginia

This section of the report describes the affordable housing context within Virginia. It is clear that Virginia has already made significant progress toward meeting the housing and related service needs of people with disabilities and frail elders. This report is not intended to assess Virginia's progress to date in this arena. Rather, the information contained in this section describes those factors that Virginia could face if it wants to effect further systems change.

A. Potential Barriers to Systems Change

There are both opportunities and barriers in the affordable housing system in Virginia. Affordable housing programs are not organized or delivered systematically, but rather through a myriad of programs and housing agencies that have little relationship to one another. For example, in Virginia there are 40 Public Housing Agencies (PHAs) that operate a Section 8 Housing Choice Voucher rental assistance program as well as a state-administered Section 8 program operated by VHDA in certain portions of the state (through 46 administering agencies). Each of these programs is designed and managed differently – often having different preferences and screening criteria for a Section 8 voucher and different policies for how vouchers can be used in the community. This level of complexity is just one outcome of federal government policy to devolve the decision-making for many federal housing programs to state and local housing officials and PHAs.

1. "Devolution" of Federal Housing Policies and Programs to State and Local Housing Officials and PHAs

During the 1990s, the federal government increasingly gave state and local government housing officials and PHAs more control over how federal housing funds are used in their jurisdictions. This policy direction began with the enactment of the National Affordable Housing Act of 1990 and culminated with the Quality Housing and Work Responsibility Act of 1998. Collectively, these new laws have fundamentally altered the landscape of affordable housing funding and decision-making. Now state and local housing officials and PHAs – not the federal government – decide which low-income populations will benefit from federally funded housing activities.

These changes and the degree of control that state and local housing officials actually have is not well understood by many outside the affordable housing system who may think HUD still is the key player. Government housing programs are extremely complicated. It is very difficult for people who aren't familiar with the specifics of government housing programs to know (1) how much discretion housing officials have; and (2) how the various programs can be used more effectively to assist people with disabilities.

Today, government housing and community development officials who work at the state, county, and local level in Virginia and the state's 44 PHAs take the lead in virtually all government funded housing development, rental assistance, and homeownership activities, even if they are implemented by non-profit or for profit housing providers. These key players, who usually do

not work together in any type of partnership, are responsible for making crucial decisions such as:

- Who benefits from federal housing resources and what groups are prioritized for housing assistance;
- How these funds are spent (e.g. production, rental assistance, homeownership); and
- Which housing organizations will actually receive the funding, based on their capacity to expand housing opportunities.

For example, community development officials can decide to distribute certain HUD funding as a deferred payment loan with virtually no interest payments, or as an amortizing loan with regular interest payments. PHAs can now decide to use Section 8 vouchers only for tenant-based rental assistance, or can expand their programs to include the development of housing using Section 8 project-based assistance or homeownership assistance. Both community development officials and PHAs have the discretion to give a high priority to housing activities that are targeted to and affordable for people with disabilities receiving SSI or Medicaid waiver benefits and/or frail elders.

2. Resources Controlled by State and Local Housing and Community Development Officials

State and local community development officials are key players in the affordable housing delivery system. Each year, Congress appropriates billions of dollars that go directly to all states, most urban counties, and certain communities "entitled" (through a formula established by Congress) to receive federal funds directly from HUD for new affordable housing and community development activities. These resources include the following four programs:

- **Community Development Block Grant (CDBG):** a formula grant provided to "entitlement communities" (typically municipalities with populations of over 50,000 and urban counties with populations of over 200,000) and to all states for housing and community development activities benefiting low- and moderate-income people including: housing rehabilitation; new housing construction; purchasing land and buildings; construction of public facilities such as shelters for homeless persons; construction of neighborhood service centers or community buildings; code enforcement, demolition, and relocation funds for people displaced because of CDBG projects; making buildings accessible to the elderly and handicapped; and public services such as employment services and health and child care.
- **HOME**: a formula grant to states and local jurisdictions that can be used for: rental housing production and rehabilitation loans and grants; first-time homebuyer assistance; rehabilitation loans for homeowners; and tenant-based rental assistance.
- **Emergency Shelter Grant (ESG):** formula grants to states and localities to address the needs of homeless individuals and families through the following activities: renovation, major rehabilitation, or conversion of buildings for use as emergency shelter; essential services for the homeless; homeless prevention efforts; and shelter operating costs, such as maintenance, insurance, utilities, rent, and furnishings.

- **Housing Opportunities for People With AIDS (HOPWA)**: a block grant to states and larger metropolitan areas based on the incidence of AIDS in these areas that funds housing and services for people with AIDS including: housing information and coordination services; acquisition, rehabilitation and leasing of property; project-based or tenant-based rental assistance; homeless prevention activities; supportive services; housing operating costs; technical assistance; and administrative expenses.

Decisions about how the funding from these programs will be used are contained in a document called the Consolidated Plan, which must be approved by HUD before any of these funds can be awarded or spent. The Consolidated Plan (ConPlan) is the "master plan" for affordable housing in local communities and states. By law, it is intended to be a comprehensive, long-range strategic planning document that describes housing needs, market conditions, and housing strategies, and outlines an action plan for the use of the federal housing programs referenced above.

The federal government created the ConPlan process based on the idea that local and state government and its citizens were in a better position than HUD to make affordable housing and community development decisions. In order to ensure that there is community participation in these decisions, Congress established requirements regarding citizen participation, consultation with public and private agencies serving people with disabilities and other groups, and solicitation of public input from residents and members of the community. In both the ConPlan regulations and HUD memos, HUD has specifically encouraged housing officials to involve people with disabilities and organizations serving people with disabilities in housing strategies that are incorporated in the ConPlan document.

3. Review of Consolidated Plans in Virginia

There are currently 24 ConPlans submitted to HUD from communities in Virginia – including 18 cities and 5 counties – as well as a ConPlan from DHCD that covers those parts of the state that do not qualify under federal formulas to receive these funds directly from HUD. Through these 24 plans, Virginia received almost $110 million in housing funds in 2003 that can be used to increase affordable housing opportunities for low-income people, including low-income people with disabilities. Table 3 on the next page illustrates how these resources are distributed across the state.

Table 3

2003 Consolidated Plan Amounts for Virginia

NAME	CDBG	HOME	ESG	HOPWA	Total
Alexandria	$1,533,000	$909,647	$0	$0	$2,442,647
Bristol	$345,000	$0	$0	$0	$345,000
Charlottesville	$667,000	$1,034,421	$0	$0	$1,701,421
Chesapeake	$1,506,000	$697,329	$0	$0	$2,203,329
Colonial Heights	$109,000	$0	$0	$0	$109,000
Danville	$1,265,000	$470,923	$0	$0	$1,735,923
Fredericksburg	$285,000	$0	$0	$0	$285,000
Hampton	$1,375,000	$785,879	$0	$0	$2.160.879
Hopewell	$262,923	$0	$0	$0	$262,923
Lynchburg	$1,086,000	$475,955	$0	$0	$1,561,955
Newport News	$2,023,000	$1,212,527	$0	$0	$3,235,527
Norfolk	$6,451,000	$1,990,356	$230,000	$0	$8,671,356
Petersburg	$825,151	$0	$0	$0	$825,151
Portsmouth	$2,185,000	$798,960	$79,000	$0	$3,062,960
Richmond	$6,087,024	$2,202,674	$212,000	$667,000	$9,168,698
Roanoke	$2,207,000	$759,716	$77,000	$0	$3,043,716
Suffolk	$656,000	$554,442	$0	$0	$1,210,442
Virginia Beach	$3,090,000	$1,527,482	$103,000	$1,206,000	$5,926,482
Arlington County	$2,243,000	$1,260,827	$76,000	$0	$3,579,827
Chesterfield County	$1,512,532	$532,304	$0	$0	$2,044,836
Fairfax County	$7,457,000	$2,704,791	$214,000	$0	$10,375,791
Henrico County	$1,804,000	$931,784	$0	$0	$2,735,784
Prince William County	$2,216,000	$851,285	$0	$0	$3,067,285
Virginia State Program	$24,359,000	$15,802,000	$1,421,000	$646,000	$42,228,000
Total	**$71,549,630**	**$35,503,302**	**$2,412,000**	**$2,519,000**	**$109,823,053**

A review of some of the Consolidated Plans submitted to HUD from Virginia cities, counties, and the State confirmed what disability advocates have often stated – that, in many communities, the ConPlan often works better in theory than in practice. For example, a minority of the Virginia ConPlans reviewed included a clear statement on the housing needs of people with disabilities. Those plans that did include this type of information usually limited the description to the housing needs of people with physical disabilities or homeless people. This lack of data suggests that there is no coordinated strategy to collect data about the housing needs of *all* people with disabilities and ensure that it is included in the development of ConPlans.

The TAC/NCBDC review found that – with several exceptions – the ConPlans did not include a clear commitment of resources to address the housing needs of people with disabilities or frail elders. Even those ConPlans that documented a need for housing among these groups did not usually allocate resources to meet this need. For example, the HOME program could be a core resource for the financing of affordable rental housing for people with incomes below 30 percent of median income. However, information from ConPlans suggests that most HOME jurisdictions do not currently allocate HOME funds for this purpose. Fortunately, officials administering the HOME program can change current policies to create a higher priority for housing development for extremely low-income people; to provide more funding per unit so that non-profit developers are not forced to seek 4 or 5 different sources of financing; to provide

HOME funding as a deferred payment rather than as an interest bearing loan; or to use HOME to create rent subsidies for people with disabilities and frail elders.

Most HOME-funded jurisdictions have used the devolution of housing decisions described earlier as a way to increase the investment in rental and homeownership opportunities for low-income households at 30 percent of median income and above. Without a link to on-going subsidy funding through programs like Section 8 assistance or a state funded subsidy, it is difficult to use HOME funds to develop permanent and affordable rental housing for people with extremely low incomes. For this reason, an important element of Virginia's future strategy should be to foster linkages between community development officials who control HOME funds and PHAs that control the use of Section 8 vouchers.

As indicated from the ConPlan review, Virginia has struggled with how to best target these affordable housing resources. For example, DHCD, as a general rule, uses almost half its HOME funds for indoor plumbing and repair. Another valuable resource for housing development as well as accessibility modification is CDBG. As with HOME, most state and local housing officials choose to direct CDBG funding toward community and economic development activities – such as sidewalk repair and parks – rather than use it for housing – related purposes.

4. Resources Controlled by PHAs

A PHA is a unique governmental body that may administer both public housing units owned by the PHA and the Section 8 Housing Choice voucher program. The Section 8 program provides financial assistance to help households below 50 percent of median income to afford decent and safe housing in the community through a monthly housing assistance (subsidy) payment. PHAs have an elected or appointed Board of Commissioners, an Executive Director, and staff who run specific programs. At the present time, there are 44 PHAs in Virginia, including VHDA. Of these, 41 administer a Section 8 program for a total of 44,587 Section 8 vouchers in Virginia. In addition, 28 PHAs own and operate a total of 21,558 units of federally funded public housing. A list of Virginia PHAs – and the resources they control – is included in Table 4 on the next page.[107]

[107] *Based on data available on HUD's website (www.hud.gov) as of 5/5/01.*

Table 4
Public Housing Agencies in Virginia

Public Housing Agency	Section 8 Vouchers	Public Housing Units
Abingdon Redevelopment and Housing Authority	121	28
Accomack-Northampton Redevelopment and Housing Authority	538	0
Albemarle Housing Authority	416	0
Alexandria Redevelopment and Housing Authority	1,833	889
Arlington County Department of Human Services	1,431	0
Big Stone Gap Redevelopment and Housing Authority	124	0
Bristol Redevelopment and Housing Authority	254	436
Buckingham HDC Inc.	72	0
Charlottesville Redevelopment and Housing Authority	352	375
Chesapeake Redevelopment and Housing Authority	1,693	467
Covington Redevelopment and Housing Authority	58	0
Cumberland Plateau Regional Housing Authority	0	309
Danville Redevelopment and Housing Authority	722	581
Fairfax County Redevelopment and Housing Authority	3,146	1063
Franklin Redevelopment and Housing Authority	315	231
Hampton Redevelopment and Housing Authority	2,478	578
Harrisonburg Redevelopment and Housing Authority	410	100
Hopewell Redevelopment and Housing Authority	275	501
James City County Office of Housing and Community Development	154	0
Lee County Redevelopment and Housing Authority	532	93
Loudoun County Housing Services	763	0
Lynchburg Redevelopment and Housing Authority	742	327
Marion Redevelopment and Housing Authority	113	238
Martinsville Redevelopment and Housing Authority	517	0
Newport News Redevelopment and Housing Authority	2,216	2,189
Norfolk Redevelopment and Housing Authority	2,726	4078
Norton Redevelopment and Housing Authority	110	218
People Inc.	91	0
Petersburg Redevelopment and Housing Authority	742	479
Piedmont Housing Alliance	75	0
Portsmouth Redevelopment and Housing Authority	1,316	1,279
Prince William County Office of Housing and Community Development	1,893	0
Richmond Redevelopment and Housing Authority	2,746	4,199
Roanoke - Tool Action Against Poverty	83	0
Roanoke Redevelopment and Housing Authority	1,535	1456
Scott County Redevelopment and Housing Authority	197	111
Staunton Redevelopment and Housing Authority	195	150
Suffolk Redevelopment and Housing Authority	957	466
Virginia Beach Department of Housing & Neighborhood Preservation	1,686	0
Virginia Housing Development Authority	8,855[108]	0
Waynesboro Redevelopment and Housing Authority	331	190
Williamsburg Redevelopment and Housing Authority	0	104
Wise County Redevelopment and Housing Authority	751	203

[108] *Based on VHDA Records.*

Wytheville Redevelopment and Housing Authority	0	220
Total	**44,564**	**21,558**

VHDA currently administers its Section 8 Housing Choice Voucher program through 46 Administering Agencies (AAs) throughout the state. Despite the large number of VHDA Section 8 contractors, there are still 22 areas of the state that have neither a local or state administered Section 8 program. In addition, VHDA has no authority over the additional 39 local PHAs throughout the state. VHDA does have authority over its AAs; however, in actuality, VHDA provides the framework for its Section 8 program yet allows its AAs much discretion in establishing policies that reflect the local housing needs. For example, VHDA has authorized the use of people with disabilities as a waiting list preference, but it is up to the AA to decide whether it is appropriate to implement that preference.

In addition to regular Section 8 vouchers, there are special Section 8 vouchers that have been appropriated by Congress exclusively for people with disabilities. New vouchers have been appropriated each year since 1997. Unfortunately, only 1,900 new vouchers are included in HUD's FY 2003 budget – as compared to approximately 8,000 in FY 2002. Approximately 1,345 of these special vouchers[109] (which can be given out *only* to people with disabilities) have been awarded in the Commonwealth of Virginia to 16 PHAs and one non-profit organization. The vouchers are considered part of the Section 8 program and are therefore included in the figures in Table 3. A list of those PHAs with these special Section 8 vouchers is included in Appendix C.

Finally, PHAs also have the discretion to implement special set-asides or initiatives that target vouchers to specific households, such as elderly people or people with disabilities. For example, many of VHDA's AAs administer disability-only programs. These vouchers that are part of PHA special initiatives may not be included in the list of disability vouchers in Appendix C.

4a. The Section 8 Housing Choice Voucher Program

The Section 8 Housing Choice Voucher program is the major federal program for assisting low-income families, the elderly, and people with disabilities to obtain decent, safe, and sanitary housing in the community. Vouchers are commonly referred to as tenant-based rent subsidies because they are provided to eligible applicants to use in private market rental housing of their choice that meets the Section 8 program requirements. Once a rental unit is selected and approved, the Section 8 applicant (who then becomes a Section 8 participant) pays a limited percentage of the household's income (generally 30 to 40 percent) as rent, with the balance of the rent (up to a certain "payment standard") being paid by the PHA through the voucher program.

Despite its primary use for tenant-based rental assistance, Section 8 vouchers can also be used to develop affordable housing. HUD now allows PHAs to use up to 20 percent of its Section 8 funds to provide "project-based assistance" in which vouchers are tied to a specific unit or units

[109] *Includes vouchers awarded through the Mainstream Housing Opportunities for Persons with Disabilities Program, the Certain Development program, and the Designated Housing program, and set-aside vouchers for people with disabilities and people with Medicaid Waivers within the Fair Share awards.*

in a property. Households who reside in that unit must meet Section 8 eligibility criteria and pay only 30 percent of their income for rent.[110] With this model, the owner of the housing has the guarantee of a long-term on-going rental subsidy.

Section 8 project-based assistance is a valuable resource for creating new affordable housing for people with disabilities. Because of recent HUD changes to the Section 8 project-based assistance program, it is now much easier to combine vouchers with capital funds for housing development (e.g. the HOME program, the VHF, the Low Income Housing Tax Credit program, etc.). Lenders and underwriters agree that the current Section 8 project-based assistance program does not have the same long-term (i.e. 15 years or more) guarantee as earlier HUD programs of the 1980s did – such as the Section 8 New Construction/Substantial Rehabilitation program. In recent years, given the current federal fiscal policies, it has become clear that those types of long-term Section 8 contracts will not be authorized by Congress again in the foreseeable future. Nonetheless, developers, lenders, and other housing organizations are still actively trying to develop affordable housing for low-income people with incomes below 30 percent of median. This type of housing needs to be deeply subsidized and Section 8 project-based assistance is one of the very few tools available for this purpose. Many national underwriters (such as the National Equity Fund, Enterprise Foundation, etc.) are now viewing Section 8 project-based assistance as a resource for developing affordable housing – recognizing that the risk is quite low that Section 8 renewal funding won't be appropriated by Congress on an ongoing basis.

Changes in federal policy now also permit Section 8 vouchers to help very-low and low-income people become first-time homeowners. Through this component of the program, Section 8 participants can use their rental assistance payments towards homeownership expenses. To be eligible, people with disabilities must have an income equal to at least the annual value of the federal SSI benefit (currently $552 x 12 months = $6,624). Since this program is relatively new, most PHAs have just begun exploring the feasibility of implementing a Section 8 homeownership program. Given the varied housing markets throughout Virginia, Section 8 homeownership may work well for people in only certain parts of the state. For example, PHAs in the southern tier of the state - where a single family home may cost $40,000 - have been extremely successful in implementing a Section 8 homeownership. It is not clear that this model would be replicable in markets where housing costs are much higher. In these areas it may not only be difficult for low-income people with disabilities and frail elders to locate lower cost homeownership opportunities, but also to qualify for financing and to raise needed funds for down payment and closing costs.

4b. The Public Housing Agency Plan

Beginning in 2000, each PHA was required by the federal government to create a five-year comprehensive document known as the Public Housing Agency Plan (PHA Plan). Similar to the ConPlan in its structure, the PHA Plan describes the agency's overall mission for serving low-income and very low-income households, and the activities that will be undertaken to meet their housing needs. The PHA Plan includes a statement of the housing needs of low- and very low-income people in the community, and PHA strategies to use Section 8 and public housing

[110] *New HUD rules allow people living in housing subsidized with Section 8 project-based assistance to move from the unit and continue to receive rental assistance through the Section 8 tenant-based program.*

resources to meet those needs. According to federal law and HUD regulations, the PHA Plan must be consistent with the needs and strategies in the ConPlan. In practice, this consistency is not always achieved.

To determine how Section 8 and public housing resources are being used throughout Virginia, TAC/NCBDC reviewed a number of PHA Plans, AA Addendums (required by VHDA), and interviewed various state and local housing officials, including representatives from several PHAs.

As was the case with the review of the ConPlans from Virginia jurisdictions, the TAC/NCBDC review of 16 PHA Plans from Virginia indicated that PHAs lack data regarding the housing needs of people with disabilities. Although this data is a required component of the needs assessment section of the PHA Plan, over half of the plans reviewed did not include this information. This type of information is critically important since housing policy decisions at all levels are driven by data. In the absence of good data to defend high priority needs, it is difficult for housing officials to allocate resources – especially when there is never enough funding to assist everyone in need.

According to the DHCD ConPlan, of 51 PHAs and VHDA Administering Agencies surveyed (approximately half of the total agencies administering Section 8 voucher programs in the state), on average people with disabilities made up 20% of Section 8 waiting lists – ranging from a low of 10% in the Richmond – Petersburg area to a high of 36% in the small metropolitan areas (defined as Roanoke, Lynchburg, Charlottesville, Danville, and Bristol metropolitan areas). Although this data is incomplete, it shows the range among PHAs and AAs of waiting list penetration by people with disabilities. It should be noted that PHA waiting list data typically understates housing needs. Often people with disabilities, as well as non-disabled households, have a hard time getting their name on the Section 8 waiting list because of PHA application policies or because the waiting lists are closed.

4c. Section 8 Preferences

The review of PHA Plans also included an analysis of PHA's use of tenant selection preferences in the administration of its Section 8 and public housing programs. PHAs have the discretion to establish local tenant selection preferences, subject to HUD approval, to reflect needs of their particular community. In selecting applicants from its waiting list, a PHA may give preference to an applicant who meets one of these preferences. Applicants who qualify for these preferences may be able to move ahead of other applicants on the waiting list that do not qualify for any preference. All but 1 PHA that responded used some type of preference system for organizing their Section 8 waiting lists. Examples of preferences include: residency; rent-burdened (e.g., paying more than 50 percent for housing costs); involuntarily displaced by disaster; homeless; veterans; etc.

It is interesting to note that approximately half of the PHA Plans reviewed documented a preference for "working families and those unable to work because of age or disability." As with PHAs, AAs are permitted by VHDA to establish their own Section 8 waiting list preferences. Of the 45 AA Addendums reviewed, only 20 percent provided a preference for people with

disabilities/elders.[111] This type of preference could be an important housing policy tool to help target housing resources to people with disabilities and frail elders.

Despite a low utilization of preferences for people with disabilities, data gathered by VHDA indicate that approximately 24 percent of all Section 8 vouchers in Virginia are being utilized by non-elderly disabled households and 13.5 percent by elderly households.[112]

4d. Section 8 Utilization

By reviewing HUD data, it became clear that PHAs are having a difficult time utilizing their Section 8 vouchers. According to the data published on HUD's website, 23 of the 41 PHAs in Virginia administering the Section 8 program have utilization rates below 96.5 percent. The utilization rate is the percentage of PHAs vouchers that are actually leased. Those vouchers not leased should all be "issued" to applicants from the waiting list who are searching for housing that can be approved under the Section 8 program guidelines. Even though they are "issued" to applicants from the waiting list, "unleased vouchers" are not considered as "utilized" by HUD. Applicants "issued" vouchers are given a minimum of 60 days (and usually much more) to use the voucher before it "expires" and is "issued" to another applicant from the waiting list.

It is important to note that because of increased scrutiny by Congress, Section 8 utilization rates are now *very* important to HUD and to PHAs. For example, to be eligible to apply to HUD for new Section 8 vouchers a PHA must have utilization rate at or above 96.5 percent. Some PHAs interviewed also reported a substantial "turnback rate." The "turnback rate" is the percentage of vouchers returned to the PHA when no housing can be located compared to the number of vouchers currently issued to households looking for housing. The combination of a low utilization rate and a high turnback rate indicates that low-income people are having a difficult time locating affordable, good quality housing.

To address these problems of Section 8 utilization, many PHAs have raised their payment standard – effectively providing more rental subsidy funding to a program participant thereby increasing housing choice.[113] In addition, many people with disabilities need housing that has unique features – such as housing that is accessible or is in a specific area of town in order to be near a service provider or caregiver. This housing may be more expensive and require an increase in the payment standard. Approximately 6 PHAs had the payment standard set between 100 and 110 percent of the Fair Market Rent – the highest amount a PHA can offer without receiving an exception from HUD and 1 had received HUD's permission to set the payment standard at above 110 percent for certain areas within its jurisdiction. However, there were also 7 PHAs that were still using lower payment standards.

4e. Other PHA Discretionary Policies

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[111] Includes 4 AAs that limit the preference to people with a specific disability or receiving services from an agency that serves specific disability sub-groups.

[112] See Appendix J.

[113] Under the Section 8 voucher program, the PHA determines a "payment standard" based on the characteristics of the household, which is used to calculate the maximum amount of money the PHA will contribute towards the rent of a unit. A PHA has the authority to set the payment standard between 90 and 110 percent of the HUD-established Fair Market Rent for the area.

As mentioned earlier, as a result of devolution, PHAs are given considerable flexibility by HUD to design Section 8 programs that respond to local needs. The information gathered through the TAC/NCBDC interviews as well as a review of PHA Plans and AA Addendums indicates that some PHAs in Virginia may not be using discretionary Section 8 policies that would facilitate the use of vouchers by people with disabilities. For example, many PHAs and AAs did not allow Section 8 vouchers to be used in "special housing types" such as group homes, Single Room Occupancy units, congregate settings, or with roommates – housing situations in which people with severe disabilities often reside.[114] These strategies are all permitted under the Section 8 program rules and could help with voucher utilization problems for people with disabilities. PHAs may need more of an incentive, and technical assistance support, in order to use the more innovative aspects of the Section 8 program.

Conversations with PHA staff from across the state suggest that there are a handful of PHAs that have adopted these discretionary policies and have formed creative partnerships to assist people with disabilities to find and maintain housing. For example, the Wise Housing and Redevelopment Authority (HRA) has established a strong working partnership with the Junction Center for Independent Living. Through this partnership, Wise HRA gave Junction Center a set-aside of vouchers for people with disabilities for the agency to administer. In addition, Wise HRA Section 8 staff serve on the advisory board of Junction Center.

However, it also became clear through these interviews that many PHAs and other local housing officials have not been approached by the disability community to prioritize people with disabilities and/or create these types of collaborations. Staff from one HRA stated that she "found it difficult when dealing with a person who had emotional problems. We don't get that involved because we are not the landlord."

5. Agency Coordination

The analysis of decision making within housing and supportive service agencies at a state and local level consistently documented the challenges of cross agency coordination of resources. For frail elders, a coordinated approach to meeting identified housing and service needs will require a new level of cooperation among service agencies: Department of Aging, DMAS, and the Department of Social Services with VHDA and DHCD. For persons with disabilities, DMHMRSAS, DRS, DMAS, and CSBs will have to improve coordination and resource sharing based upon a consistent philosophy about community based housing objectives. Similarly, while the working relationship between VHDA and DHCD has improved, there is still room for better coordination or resources and decision-making regarding utilization of federal resources to stimulate multifamily development that is affordable to the targeted populations.

6. Reluctance to Change

Virginia has strong historical conditions that shape current decision-making and philosophy about meeting community needs. As many states have moved forward more rapidly to embrace

[114] *Although VHDA has authorized the use of special housing types for people with disabilities, the majority of AAs interviewed were unfamiliar with this policy.*

fundamental principles of individual choice and self-determination, and the *Olmstead* community imperative, Virginia has similarly expressed support for a changing balance or resource allocation moving away from institutional and congregate care to more flexible and individualized community choices. However, the willingness to consider new approaches and translate words to action has been slow. Current economic conditions present important new opportunities to revisit historical precedent and resource allocation to transition to a community based system.

B. Potential to Expand Housing Opportunities for People with Disabilities in Virginia

1. Partnerships between Disability Groups and Housing Officials

In the aggregate, the federal and state affordable housing resources potentially available from DHCD, VHDA, local community development officials, and PHAs, combined with the resources in Virginia's health and human services programs provide a valuable opportunity to systematically link housing and service resources to expand housing options for people with disabilities. With systems level integration, these various resources could be reconfigured to form a framework for Virginia's comprehensive housing strategy for people with disabilities.

Partnerships between disability groups and PHAs could be expanded to help PHAs deal with their voucher utilization problems and help more people with disabilities take advantage of the Section 8 program. HUD's new emphasis on Section 8 utilization means that more creative approaches to using Section 8 – including linking Section 8 with Medicaid waiver policies such as the linage in the Fair Share program – are being implemented. The CDBG program could also be used to create a pool of funding for accessibility modifications needed by people with disabilities searching for rental housing. What is lacking in Virginia is a more systematic approach to take advantage of these opportunities.

The new Section 8 project-based assistance program also provides a real opportunity to "jump start" a state housing production initiative for people with disabilities. In combination with debt free capital, Section 8 project-based assistance can be used effectively to develop new units of housing for people with disabilities with incomes below 30 percent of median. An example of this financing model using Virginia state resources and Section 8 project-based assistance is included as Appendix D.

It is clear that there are sufficient HOME, CDBG, VHF funds, and other state appropriated housing funds in Virginia so that access to capital funds would not be a barrier if the appropriate policy incentives are created. The HOME program should be a core resource for the financing of affordable rental housing and for down-payment assistance for people with disabilities. However, some jurisdictions with HOME funding are not using the program for rental housing production.

Access to *sufficient* capital (e.g. not having to tap into four or five different programs to complete the capital financing) could be a problem unless current policies are modified and incentives are created to both facilitate the combination of separate state financing streams as well as implement strategies to combine locally controlled housing funds with housing funding

controlled by the state. State housing funding is also not distributed in a systematic coordinated fashion. For example, DHCD limits its awards for HOME rental housing production funds to Community Housing Development Organizations (CHDOs). At the same time, funding priorities within VHDA's Low Income Housing Tax Credit (LIHTC) program favor for-profit organizations that have a history of LIHTC projects – which does not usually include CHDOs. Although VHDA underwrites all DHCD and VHDA housing development projects, the two agencies use separate applications for funding and award funds at different times of year using different funding priorities. Re-orienting current state housing policies may be difficult but as long as there is a high level of demand for funding, policy changes can usually be implemented successfully.

Community development officials often prefer to provide relatively small amounts of development capital as loans rather than as grants so that: (1) their funding can be highly leveraged from other sources; and (2) "program income" from the loan repayment can be re-cycled for new projects. For several reasons, this approach is not an efficient way to finance housing for extremely low-income people. First, debt service on the loans simply adds to the monthly subsidy cost. Second, it usually requires non-profit housing developers who are working on a "shoestring" budget to obtain 4 or more sources of development financing, which takes time and costs money. In fact, complicated financing models is the major reason why non-profit housing organizations often have difficulty expanding their capacity to develop more housing.

Without debt free financing that is linked to operating or rent subsidy dollars, it will be extremely difficult to increase housing development goals for people with disabilities receiving SSI. The challenge for Virginia is to develop a more structured way to link state, county, and city affordable housing activities – especially those funded by CDBG, HOME, and the VHF programs – to operating and rent subsidies that ensure affordability.

2. Community Leadership

A number of creative nonprofit organizations and housing authorities have managed to develop models that combine housing with services in the difficult Virginia environment for frail elders and people with disabilities. This is by no means an exhaustive list, but as Virginia considers increasing its housing with services for these groups, the agencies who have already implemented these "promising practices" may be a good place to start.

a. **Culpepper Gardens, Arlington**. Culpepper I, opened in 1975, 204 units. Culpepper II, opened in 1992, 63 units. Culpepper III, opened in 2000, 73 units. This project is a very creative, multi-layered financing elderly hybrid of assisted living and independent housing. Project III is regulated as assisted living, while I and II are not, but the operator manages to provide a range of personal assistance services in I and II. Culpepper depends heavily on county money to pay for operating costs.

b. **Linconia, Fairfax County**. A surplus school that was gutted and rehabilitated as a 52-bed assisted living facility with 26 semi-private rooms. Rooms are 340

square feet, include a bath, but does not include kitchen. Like Culpepper, this project is also heavily subsidized by the county.

c. **Wise Public Housing Authority**. This innovative PHA has developed a senior independent project with some services adjacent to public housing. This project is 20 units that are 547 square feet per unit. The project is modular housing that they manufacture themselves. This project does not qualify as "assisted living" under Virginia law because there is no 24-hour nurse. They do have a Certified Nurse's Assistant and they serve 10 meals a week. Residents have to be able to pay $800 to $900 per month to cover the cost of their rent and services.

d. **Loudon County's Operation Match**. The County works with the local Area Agency on Aging and disability organizations to match people who have housing with people who need housing or some personal assistance services. This involves fairly intensive case work and an extensive interview process.

e. **DHCD HOME Set-Aside for SHP**. Currently, the Virginia Department of Housing and Community Development sets aside approximately $600,000 - $800,000 each year in HOME funds to use as a match for agencies seeking SHP McKinney/Vento funds from HUD. HUD requires that any agency seeking HUD funds for acquisition, rehabilitation, or new construction provide a $1 for $1 cash match. By earmarking some HOME funds for agencies to use to meet this match requirement, DHCD has eliminated one of the barriers to accessing this valuable development resource.

f. **City of Virginia Beach Community Development Block Grant Activities**. Many entitlement communities throughout the state use valuable CDBG funds for non-housing purposes. Instead, in Virginia Beach, the City of Virginia Beach only uses its CDBG funds for housing and service related activities. The City uses its own resources to finance any community development activities. This policy allows approximately $3 million in CDBG funding to be available for housing and service activities each year.

g. **Region Ten Community Service Board**. Throughout Virginia Community Service Boards (CSBs) have varied levels of involvement in housing activities. The Region Ten CSB has been extremely successful in obtaining funding to create a spectrum of innovative housing options for people with disabilities in that area of the state. Currently Region Ten administers approximately 180 Section 8 vouchers (from VHDA), operates 4 Section 811 programs, and administers a variety of SHP and Shelter Plus Care permanent housing programs for homeless people with disabilities.

h. **Virginia Supportive Housing Home By 5**. Virginia Supportive Housing currently operates an innovative program for assisting homeless people to become homeowners. Through this program, known as Home By 5, homeless families are matched with sponsor families in the community. Through working with these

sponsors these homeless families learn about the responsibilities of homeownership; make preparations, such as credit counseling, to become homeowners; amass the necessary funding for down payment and closing costs, etc. After five years, these homeless families become homeowners.

There are a number of elements in each of these projects that show promise for the future. A positive environment for change, individual leadership at VHDA and DHCD, and strong capacity to innovate in the nonprofit sector also will support accelerated positive future action.

3. Leadership and Commitment

TAC/NCBDC's assessment of opportunity for improving housing and supportive service choices identified these additional positive factors to raise expectations for capacity building statewide:

a. The people we have spoken to were almost unanimous in their praise for the leadership of the Directors of VHDA and DHCD. The executive level staff at these agencies are widely perceived as effective leaders willing to think outside of the box to meet the challenges they face. This is a ringing endorsement, especially considering that many of the people we spoke to were people with strong views about housing in Virginia; they were not shy about telling us of things they do not like. The companion challenge to this opportunity is that there is a perception we inferred that while both agencies have made some progress, the willingness to think outside of the box has not filtered down to all front line personnel.

b. We received strong cooperation from both VHDA and DHCD and virtually all of the interviewed stakeholders. There is a sense that communication between these agencies has improved in recent years. In addition to the interest we have found in enhancing serviced enriched housing from VHDA and DHCD, we also encountered positive interest from service agencies including the DMAS, the Department of Social Services (DSS) and the Department of Aging. This attitude of state agency staff provides an opportunity to collaborate on an accelerated plan of action for change.

c. The recent DMAS decision to apply for a waiver that will combine the existing Elderly & Disabled waiver that has a lot of slots with the Consumer Directed Personal Assistance Services waiver that allows consumers a lot of choice in their care giver presents an important new opportunity to support low income seniors at home.

d. Multiple stakeholders were complimentary of VHDA's strategic plan. Including special needs housing as one of five focused areas creates another important opportunity to respond to the *Olmstead* community imperative. Because special needs and other areas mentioned in the strategic plan are hard-to-do housing, VHDA will at least to some extent be dependent upon non-profit developers as partners and advocates for their expertise regarding consumer preferences. If

DHCD were to adopt this same strategic plan, or a similar one, it would be very helpful to coordinate agency efforts in the future.

e. There are a variety of affordable housing projects in various stages of development that provide service at some level to the frail elderly and people with disabilities. These projects should be encouraged and once completed, should be studied for replicable components.

f. Stakeholders identified a number of Virginia nonprofit organizations with strong capacity to provide housing and supportive services. Among those most often mentioned were:

- Arlington Housing Corporation
- Community Housing Partners
- Richmond Better Housing
- Wesley Housing Development Corporation
- Bay Aging
- Virginia Supportive Housing

There are probably other strong organizations that we did not identify. There is the opportunity to engage these community based leaders in future planning efforts at a state level that brings together service and housing agencies.

VII. Recommendations

The TAC/NCBDC assessment determined that at the state level, and in some localities across the state, there is commitment among government officials, funders, disability providers, and housing agencies to work together to implement a comprehensive housing strategy for people with disabilities and frail elders. This commitment has led to significant accomplishments in meeting the housing needs of these low-income groups. The purpose of this report is not to judge Virginia's progress to date to this end. Rather, this report is intended to highlight opportunities on how Virginia could do more to meet the housing needs of people with disabilities and frail elders, if there is the commitment, leadership, and political will. Toward this end, the majority of the report thus far has focused on the framework within which housing and service policy decisions are made in Virginia. This section provides concrete recommendations and action steps that key stakeholders across the state could implement in order to increase the intensity and range of activities targeted to meeting the housing needs of these vulnerable populations. In this era of limited funding, and competing agendas, it is up to the Virginia officials, advocates, residents, and other concerned citizens to decide when "enough" has been done to assist people with disabilities and frail elders.

All of the following recommendations are grounded in two basic principles: affordability and integration. All decent, safe, and accessible housing intended for people who are aging and/or disabled should meet the "affordability" test – that is, it should be structured financially so that tenants are not required to pay more than 30 percent of their income for housing costs. The principle of integration means that the housing offered must maximize resident choice and control, and self-determination, and be separate from the provision of services and supports. Appendix E provides promising practices from around the country that are based on these principles. The recommendations are grouped into six areas of focus:

a. **Affordable housing choices for individuals with disabilities;**
b. **Affordable assisted living for frail elders;**
c. **Accessible housing choices;**
d. **Home ownership opportunities;**
e. **Supportive services; and**
f. **Education and leadership development**.

Multiple recommendations have been developed within these six areas of focus. Each recommendation has been informed by the TAC/NCBDC research and shaped by experiences in policy development and lessons learned from states nationwide. There is no single recommendation that will immediately respond completely to current unmet demand for affordable and accessible housing choices statewide. There is no single agency action that will rapidly change current market conditions. However, it is the combination of strategies and coordinated actions proposed that can build on Virginia's leadership potential at a state and community level in the public and private sectors to move forward effectively to expand housing choices and supportive services for low-income seniors and persons with disabilities. Inevitably, innovation in affordable housing practices benefiting the two targeted populations will also depend on intangibles, including a culture of innovation and change, and the leadership it takes to sustain the process of systems change.

A. Focus Area: Affordable Housing Choices – Persons with Disabilities

Recommendation 1: Increase the number of affordable housing units for people with disabilities through the development of a demonstration project to create at least 200 new affordable units for people with disabilities.

To date, Virginia has made significant progress in creating more affordable housing for people with extremely low-incomes. New policies, such as the incentives within the new Low Income Housing Tax Credit program, promote the creation of units that are affordable to people with SSI level incomes.

It is clear that there are sufficient HOME, CDBG, Virginia Housing Fund, and other housing funds in Virginia to create more housing for people with disabilities, frail elders and other people with incomes below 30 percent of median. In fact, TAC/NCBDC believe that Virginia could create **at least** 200 additional units affordable to people with limited incomes over the next 3 years. This figure is based on TAC/NCBDC experience developing production strategies for other states as well as a review of the current resources, practices, and willingness to embrace change among Virginia stakeholders. Below is an example of a possible implementation timeline for this demonstration project. This timeline is meant only to serve only as an example and would need to be adjusted as needed to meet the specific circumstances in Virginia.

Year One	50-75 Units
Year Two	75-100 Units
Year Three	75-100 Units
TOTAL	**200-275 Units**

As mentioned above, there appears to be sufficient funds in Virginia so that access to capital funds would not be a barrier to implementing this demonstration project if the appropriate policy incentives were created. Access to sufficient capital (e.g. not having to tap into four or five different programs to complete the capital financing) will continue to be a problem for developers unless current policies are modified and incentives are created to combine VHDA and DHCD funds more effectively as well as combining locally controlled housing funds with housing funding controlled by the state.

- **In order to continue to expand housing options for people with incomes below 30 percent of median, TAC/NCBDC recommends the implementation of a demonstration project to develop at least 200 new units of affordable housing targeted to people with disabilities over the next three years. The core of this demonstration project is the partnership between DHCD, VHDA, and other state officials to develop and implement a new housing production strategy linked to rent or operating subsidies that will increase the supply of rental housing units that are targeted to people with disabilities with SSI level incomes. These types of projects require a strong commitment of leadership and willingness to "think outside the box" on the part of the state agencies involved. Recognizing that systems change does not happen overnight, TAC/NCBDC is recommending the implementation of a demonstration project to start the change process. A demonstration project allows**

Virginia to test a specific approach to determine which elements are most effective before adopting the approach as a permanent solution. If the demonstration project is successful, the strategies detailed below for collaborative funding and joint decision making could be adopted as standard practice leading to the creation of even more affordable units for people with disabilities.

To ensure commitment and legitimacy of the demonstration project, TAC/NCBDC recommends the passage of an Executive Order authorizing the project and directing the state housing and human service agencies to work collaboratively to achieve the overall goal: at least 200 affordable units in three years.

This demonstration project is based on the concept of flexibility. Through this project, VHDA and DHCD would commit to putting aside existing state-established policies for distributing housing resources and would implement creative financing mechanisms to achieve the minimum goal of 200 new units of affordable housing for people with disabilities. For example, currently state HOME funds are only available to CHDOs. However, only a handful of CHDOs access VHDA housing resources, such as Low Income Housing Tax Credits. Through this demonstration project, VHDA and DHCD could relax their eligibility standards so that agencies interested in developing affordable housing, including both CHDOs and for-profit developers, would have an easier time accessing these resources in a coordinated fashion.

Through this project, DHCD and VHDA may need to implement incentives within the funding process in order to encourage the development of housing for people with disabilities. Much like the incentives in the current QAP, other funding competitions could provide extra points to developers proposing to set-aside a certain percentage of units for people with disabilities. Over time, after developers are more familiar with the various models of affordable housing for people with disabilities, VHDA and DHCD could explore establishing requirements within the housing production funds for set-asides for people with disabilities. For example, DHCD could require that 10 percent of all housing created with HOME funds must be set-aside for people with disabilities.

To ensure financial feasibility and affordability, this demonstration project should include the following key principles:

1. The housing should be scattered-site in order to be consistent with current policies and the expressed housing preferences of people with disabilities. Models could include freestanding duplexes or other scattered-site models, or could be a set-aside of units in a larger affordable housing development, including mixed income developments financed with federal Low Income Housing Tax Credits. Other "mixed use" affordable models could include not only units set-aside for people with disabilities, but also units set-aside for other groups in need of affordable housing, such as policeman, teachers, or other town employees. These models often address any existing "Not In My Backyard" (NIMBY) issues that may exist. Barrier-free and visitable models should be given a high priority.

2. Housing development capital should be debt free whenever possible. Debt-free capital can be structured as either cash flow loans or as deferred payment, forgivable loans secured with a long-term use restriction. The federal government made these changes to the Section 811 Supportive Housing for Persons with Disabilities program in the early 1990s, after recognizing that debt service was also being paid out of federal funds. The use restriction in the Section 811 Program is currently 40 years.

3. As identified earlier in this report, capital grant and sources of this financing could include DHCD HOME or CDBG funding, the Virginia Housing Fund, etc. As with existing DHCD's existing HOME policies, participation of local community development officials should be encouraged to obtain commitments of local HOME funds.

   All projects should be underwritten with some form of project-based or tenant-based rental assistance strategy. VHDA's Section 8 program could be systematically linked to VHDA and DHCD housing production activities so that a commitment of Section 8 project-based assistance could be committed to any housing development projects involved in this demonstration project. This is the process currently employed by the Connecticut Department of Social Services – the state PHA – to create approximately 500 units of supportive housing. Appendix D contains examples of how VHDA and DHCD housing production funding resources can be combined with Section 8 project-based assistance.

   Although many of VHDA's Section 8 vouchers are currently being used by a low-income households, VHDA could use vouchers that "turn over" for this initiative. For example, based on experience with the Section 8 program, VHDA might determine that 300 tenant-based vouchers turn over in a year's time. Of these vouchers, VHDA could decide to set-aside 50 of these vouchers to provide project-based assistance as part of this demonstration project and allow the remaining 250 to be re-issued as tenant-based vouchers.

   To ensure that this demonstration project does not significantly impact VHDA's Section 8 utilization rate, VHDA could also consider providing project-based assistance in not only new housing development projects, but also in existing housing. Some PHAs have found that the HUD rules regarding Section 8 project-based assistance in existing housing are less burdensome, require less paperwork, and lead to faster implementation and utilization.

   Once modeled by VHDA, Section 8 rent subsidies could also be provided through partnerships with PHAs that agree to participate in this state demonstration program. However, as an organization charged with implementing state housing policy, VHDA may want to consider establishing a policy that allows its Section 8 project-based resources to be used in those areas of the state in which a local PHA has refused to contribute Section 8 resources toward the project. This practice could result in VHDA serving those groups that are often ignored by local PHAs – specifically people with

disabilities in need of supportive housing – and key stakeholders will need to determine if this is this is the appropriate role for the state PHA.

The state could consider providing state-funded project-based rent subsidies for certain projects which, for numerous reasons, might be difficult to fund initially with Section 8 project-based subsidies. These could be "bridge subsidies" until Section 8 assistance can be substituted and could be funded through DMHMRSAS (similar to the Ohio Department of Mental Health program described in Appendix E). For this strategy to succeed, a thorough analysis of VHDA's Section 8 turn over rate and the creation of a timeline for availability of Section 8 project-based assistance is necessary to ensure that the DMHMRSAS-funded project-based subsidies would only be a transitional funding stream (given that state budget commitments are often for 2 years or less).

Additionally, the state could select projects for capital funding that have conditional commitments of McKinney Shelter Plus Care or HOPWA rent subsidies. As part of this strategy, the state may want to consider developing a Balance of State Continuum of Care application for McKinney/Vento funds. By taking advantage of the permanent housing incentives in the McKinney/Vento competition – and by working with local Continuum of Care groups to encourage them to also take advantage of this bonus funding – the state could develop a steady stream of Shelter Plus Care operating subsidies that could be used in conjunction with local and state capital funds.

4. Finally, in any production strategy, priority should be given to non-profit organizations with a mission to develop housing for people with disabilities. In Virginia and in other states (e.g. Ohio, Colorado, North Carolina, etc.) these organizations have been critical players in sustained production strategies because they are willing to accept use restrictions as long as 40 years. However, other community based non-profits could also be encouraged to develop housing or create small set-asides in larger projects with similar restrictions. It is important that any housing production strategy support the investment already made in these organizations developing housing on behalf of people with disabilities.

To best allocate all available federal and state housing resources controlled by VHDA and DHCD, as part of this project, TAC/NCBDC recommends the creation of a funding review committee. This review committee could be comprised of mid-level staff from both VHDA and DHCD responsible for administering the various housing production programs. This committee would be charged with meeting regularly to review all proposals from interested housing developers to determine:

- What is the most appropriate funding source to create this housing?
- What sources can be utilized in order to ensure that a portion of the units are affordable to people with incomes at or below 30 percent of median?
- How best can this funding be distributed in order to ensure the long-term affordability of the project?

- Are there opportunities to work with this developer to target a percentage of units to people with disabilities?

Over time, the goal of this review committee would be to create a funding process that not only encouraged the development of more affordable housing, but also simplified the process to facilitate the involvement of both for-profit and non-profit housing developers in creating housing for people with disabilities. For example, the process could evolve to one that utilized: one uniform application for all funding resources or a consolidated application; a timeline that coordinated resource allocation; synergistic underwriting in order to maximize all resources, etc.

Recommendation 2: Prioritize people with disabilities for rental assistance resources.

Currently, there are over 44,000 Section 8 Housing Choice Vouchers in Virginia, with VHDA having the largest allocation of approximately 8,800 vouchers. These vouchers represent a significant opportunity to address the housing needs of people with disabilities.

The Section 8 voucher program is a valuable resource for meeting their housing needs of all low-income households, including people with disabilities. In Virginia, non-elderly disabled households constitute 24 percent of those households assisted by Section 8 program. Although there are many vulnerable low-income groups competing for the Section 8 resources, if the state chooses to prioritize the expansion of housing opportunities for people with disabilities the Section 8 program, particularly VHDA's program, will play a critical role. Toward this end, Virginia could implement new policies at VHDA to prioritize people with disabilities for rental assistance as well as strengthen partnerships with local PHAs administering Section 8 programs to encourage them to also create policies to prioritize their resources for people with disabilities.

- **TAC/NCBDC recommends that VHDA ensure that Section 8 resources are prioritized for people with disabilities. To date, VHDA has recognized that people with disabilities are facing a housing crisis and has done a commendable job at attempting to use Section 8 resources to address this crisis. For example, VHDA chose to allocate its entire 2002 award of Fair Share vouchers to people with disabilities, going beyond the federal requirements for targeting.**

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  As mentioned earlier, VHDA's current system for administering the Section 8 program is decentralized and relies on 46 local administering agencies to create many of the discretionary policies that are within a PHA's authority to establish. For example, as mentioned before, AAs are given the ability to create waiting list preferences. This decentralized structure is based on a history that deemphasizes VHDA's role in running a "state" voucher program. Rather, VHDA staff state that the VHDA Section 8 program evolved due to a previous unwillingness/inability among local PHAs to run Section 8

programs. Over the years, VHDA has been slowly decreasing the size of its Section 8 program by transferring vouchers to local PHAs.

Despite this policy goal of decreasing the program, VHDA continues to play a critical role in serving those groups that are typically underserved by other PHAs, such as people with disabilities. For example, in one area of the state there is a local PHA and a VHDA administering agency both operating Section 8 programs in the same locality. The VHDA administering agency successfully advocated to keep the VHDA vouchers from being transferred to the local PHA since disability advocates in that area felt that the AA could better serve the housing needs of people with disabilities in that community.

To increase the number of VHDA Section 8 vouchers utilized by people with disabilities, VHDA could implement additional requirements for AAs. For example, VHDA could require that AAs have a preference for people with disabilities in their waiting lists. VHDA could also require that a certain percentage of vouchers are directly set-aside and linked to people with Medicaid Waivers. Creating these requirements would be a change in the *modus operandi* for VHDA, however it would been in keeping with VHDA's role as one of the state agencies charged with enacting state housing policy.

Equally as important is the need for VHDA's administering agencies as well as local PHAs to understand the tools of the fair housing laws – especially reasonable accommodation – and their obligations to ensure that people with disabilities can equally participate in the Section 8 program.

- **TAC/NCBDC recommends that a comprehensive training and awareness campaign be established to educate PHAs and VHDA administering agencies about the needs of people with disabilities**. **This campaign could focus on assisting PHAs to use their vouchers and providing information and education to them regarding the systems for delivering services in Virginia. HUD's new emphasis on Section 8 utilization means that more creative approaches to using Section 8 – including linking Section 8 with Medicaid waiver policies – may be more attractive to PHAs. Examples of discretionary policies that PHAs could implement to benefit people with disabilities – such as waiting list preferences, project-based assistance – and those that they are required to provide – such as housing search extensions, special housing types, unrelated disabled households, live-in aides, etc. – could be the focus of these trainings. Through this campaign PHAs could also be encouraged to enact organizational changes that assist people with disabilities. For example, PHAs could: designate a staff member to be the disability specialist; hire people with disabilities as staff; ensure participation by people with disabilities on the PHA Resident Advisory Board; etc.**

  It is important that this campaign actively involve VHDA, the Virginia Association of Housing and Community Development Officials (VAHCDO), as well as state Fair Housing Board and local PHAs. Both statewide and regional trainings could be sponsored, building on existing meetings of PHAs and PHA staff. These trainings could

be conducted and coordinated by disability housing advocates – such as staff from CSBs, CILS, etc. – as well as other key players.

Although VHDA administering agencies could be included in this trainings, since the HUD regulations for the Section 8 program are continually evolving, there is staff turnover at AAs, and VHDA is ultimately responsible for ensuring that HUD rules and regulations are properly followed, VHDA could also require all AAs to attend additional quarterly trainings. These trainings could be conducted by VHDA staff, in conjunction with the disability advocates mentioned above, and could focus on meeting all federal obligations, including providing reasonable accommodation for people with disabilities.

Recommendation 3: State fair housing laws should be expanded to include "sources of income" as a protected class.

In Virginia, as with many other states and communities across the nation, Section 8 voucher holders often face obstacles to finding a housing unit in the community. In those communities with tight housing markets, it may be difficult to find landlords willing to accept Section 8 vouchers. Many property owners discriminate against households with Section 8 vouchers. Thee landlords will often refuse to rent to households that have rental subsidies or purposely charge rents over the acceptable amount for the Section 8 program.

- **To address these barriers, TAC/NCBDC recommend that the state fair housing laws be expanded to included "source of income" as a protected class. Many other communities (e.g. Montgomery County, Maryland) and states (e.g. Massachusetts) have enacted these source of income laws and have found them to be extremely useful in combating landlord discrimination. To be most effective, in addition to expanding the Virginia fair housing laws to include source of income, one agency could be charged with providing landlord outreach and education to ensure that property owners are familiar with this new law and their obligations as part of it. This campaign could also help to address any concerns that landlords have about renting to people with Section 8 vouchers. The agency responsible for overseeing this campaign could be the state Fair Housing Board, the SILC, or another agency familiar with fair housing enforcement. Ideally this campaign could be financed with HUD fair housing grants.**

B. Focus Area: Affordable Assisted Living and Other Housing Choices for Frail Elders

Recommendation 4: Pilot an assisted living model for frail elders that is affordable and acknowledges the resident's right to make choices that will preserve independence and promote dignity, autonomy, independence and quality of life.[115]

Many states and localities across the country have managed to successfully develop affordable assisted living that meets these standards for frail elderly who meet the financial requirements for Medicaid. The same thing is possible in Virginia.

[115] *From the Definition of Assisted Living, Part A, adopted by the Assisted Living Workgroup, p. 12, April 2003.*

- **TAC/NCBDC recommends that the Governor, within one month, convene a high level Virginia Assisted Living Working Group (VAL) consisting of DHCD, VHDA, DMAS, DSS, VDA and the Lt. Governor's Office with the goal of developing a strategy that would lead Virginia within three years to construct as a pilot, five 40-unit assisted living developments that meet national best practice standards and are affordable to people who would have qualified for the Intensive Assisted Living Medicaid Waiver that was withdrawn.**

This recommendation will require further knowledge sharing between the housing agencies and the services agencies that is essential to create an integrated high service assisted living infrastructure on a social model that meets national best practice standards. In order for the recommendation to succeed, the VAL working group members must be sub-cabinet or other high-level individuals with authority to bind their agencies. Staff at lower levels will naturally work their way into the process. In general, the housing agencies must learn the services issues and the services agencies must learn the real estate development issues in order for this initiative to succeed. The VAL working group should make quarterly reports to the Governor and Lt. Governor on progress toward its goal.

It is likely that in order to create more affordable assisted living Virginia will ultimately need to increase its funding to pay for services for the frail elderly. The inadequacy of the Auxiliary Grant to pay for adequate assisted living services is one of the critical finding of this report. However, there are easier, short-term enhancements that can be made based on the current state-subsidized services income stream. Accordingly, we have provided both short-term (within one year) and long-term (one year or more) actions for Virginia to consider.

Short Term Actions

1. Earmark $1 million of the proceeds from the Virginia Housing Partnership Fund for an Assisted Living Predevelopment Loan Fund for VAL Work Group demonstration projects.

    - The fund should have terms at least as favorable to borrowers as those offered to demonstration projects participating in the Coming Home Program. (See Appendix H for more information about the Coming Home Program)
    - Have the generic operating pro forma for assisted living that is available free at www.ncbdc.org customized for assisted living projects in Virginia.
    - Contract for special intensive technical assistance for the nonprofit organizations whose assisted living developments are chosen to be VAL demonstration projects.

2. Create an internal subsidy to pay for services for low and very low-income people. One way to subsidize low-income people is to design a project with a tenant mix that includes a full spectrum of acuity levels and some people who can afford to pay more than the cost of their care. The extra amount paid by the more moderate-income residents generates a surplus that can be used to offset the cost of care for lower income residents that lack the income to pay for their own care. A skilled nonprofit service provider can do this in a

way that provides high quality care and greater value to the moderate income resident that is equal to or better than that provided in the private pay market. (See box below.)

Example of Assisted Living Building Using Internal Subsidy Assumptions

Assumptions	• The State sets out to develop an assisted living project consisting of 50 units, 80% moderate market rate and 20% low-income with a strong non-profit partner. • The cost of services per resident is $2,000. • The cost of room and board per resident is $1,000. • VHDA can contribute Section 8 project-based subsidies.
Actions	• The non-profit provider could charge the moderate market rate residents $3,500 a month, generating a $500 profit per month for each moderate market rate resident. Times 40 units, that's a monthly internal profit of $20,000 • To pay the $3,000 total monthly cost for each of the 10 low income units, the operator would collect the minimum Auxiliary Grant of $841. Assume the operator could get housing choice vouchers that would contribute an additional $359 per low income resident. This would leave a net cost of $1,800 per month per low income resident. • The $20,000 monthly profit on the moderate market units would cover the net cost of the low-income residents and leave an additional $2,000 for operating reserves.

An integral subsidy model like the above example will not work as well with a high proportion of high acuity residents who require extraordinary amounts of care. This model may work better in some markets than in others. Urban markets tend to be more expensive, while rural markets give the operator less choice in finding the optimal mix of acuity levels and incomes. This model is probably the most promising model for developing affordable assisted living in Virginia at the current time, but it is not easy and it is certainly not a comprehensive solution. As stated above, this model requires a skilled nonprofit operator willing to balance multiple variables.

Longer Term Actions

3. Write the necessary rules or legislation to create a two-tiered system for the regulation of assisted living in Virginia. Tier I could grandfather in current providers with the current unit requirements. Tier II could adopt the national best practices including separate apartments with baths and kitchens. State resources and the VAL Work Group could focus on developing new projects that would meet the new Tier II criteria.

Recommendation 5: Conduct further study for changing the current service income streams that would fill the gap for low income Virginians who can no longer remain in their homes but do not need nursing home level of care.

Study alternatives for changing the current services income stream that would fill the gap that currently exists for low income Virginians who can no longer remain in their homes but do not meet the eligibility requirements for nursing care.

- **TAC/NCBDC recommends studying whether a larger Auxiliary Grant for people with higher service needs makes sense. In order to accomplish this existing ways or new financial sources must be identified that can expand senior housing options with supportive services that is not assisted living through nursing home diversion strategies and new Medicaid waiver, or a larger Auxiliary Grant for people with higher service needs.**

The funding sources available to close the gap are:

a. The Auxiliary Grant. TAC/NCBDC recommends studying whether a larger Auxiliary Grant for people with higher service needs makes sense.
b. Including assisted living as a Medicaid state plan service; and
c. A new Medicaid Home and Community-Based Care Waiver.

One of the ways suggested to close part of this gap is nursing home diversion. Appendix I includes an example that illustrates possible savings from nursing home diversion to assisted living in Virginia. These examples may be useful in further stimulating collaboration between the housing agencies and the services agencies.

C. Focus Area – Accessible Housing Choices

Recommendation 6: Create a statewide computerized interactive accessible housing registry to assist individuals with physical disabilities to locate affordable barrier-free housing.

Evidence gathered through the TAC/NCBDC assessment illustrates that there are many people with physical and mobility disabilities that cannot locate affordable barrier-free housing. In response to this demand, several disability advocates are exploring the creation of an accessible housing registry.

It is important to note that a major goal of the federal fair housing laws was the promotion (and enforcement) of the creation of accessible or adaptable housing. In other words, those federal housing resources used to develop new affordable housing units – such as CDBG and HOME funds – have strict federal requirements for including set-asides of accessible housing units. More specifically, housing developed with these funds must set-aside at least 5 percent of the units as barrier-free and 2 percent for people with visual or auditory impairments.

These requirements are helpful in creating new accessible housing units. VHDA reports that some developers have agreed to increase the number of accessible units they develop in exchange for extra points in LIHTC funding competitions. A major challenge is linking these

units (when vacant) to people with disabilities in need of barrier-free housing as well as linking them to Section 8 to make them affordable to people with SSI level incomes. VHDA policy currently requires that the accessible units created through the LIHTC program remain vacant until the unit can be rented to a person in need of the accessibility features. Although this ensures that the units will be rented to people in need of barrier-free housing, in the long-term owners that incur losses in rental income due to vacant units may be discouraged from creating additional accessible units in the future.

Unfortunately, there is currently no formal mechanism in place to compel landlords of barrier-free units to list vacancies as they occur or to provide information about the unique accessibility features of their units. When this information is available, it is often too labor intensive and costly for providers to update their systems in a timely manner and make this information available to people with disabilities in need of affordable housing.

In response to this issue, Massachusetts has created a program that maintains a "registry" of barrier-free subsidized housing and requires owners to list all vacancies. Known as MassAccess, this registry includes a computerized statewide database that tracks accessible units including information on whether the unit is vacant and the unique features of that unit. The database includes every accessible and adaptable residential unit in Massachusetts including subsidized and certain market rate units. This type of interactive clearinghouse provides a "one-stop" approach for accessible and barrier-free units and minimizes the likelihood that they will be rented by people who do not need the special features of the unit.

This registry was developed based on information gathered through focus groups with providers, disability advocates, people with disabilities, housing agencies, and other interested parties and was made possible through the passage of state fair housing laws requiring owners of subsidized housing to list all vacant accessible units in the database.

MassAccess provides a housing seeker with (1) a list of currently vacant accessible and adaptable units across Massachusetts; and/or (2) a list of units in the particular cities or towns they prefer. The housing seeker can designate any of the following variables for the housing search: location, bedroom size, rent level, (including subsidized) and accessibility.[116] The service is free to the consumer as well as the housing manager. There is no limit to the number of contacts an individual or agency can have with the system.

MassAccess has been extremely successful – particularly in "matching " housing seekers with vacant units. In 2000, 97 percent of the vacancies reported were successfully rented up. In addition, the state fair housing legislation described above requires owners to list units with MassAccess and prohibits them from leasing to individuals who do not require the design features for 15 days.

While MassAccess was an ambitious undertaking and required both statutory changes and funding from both the state and federal governments, it has been incredibly successful in resolving a huge disconnect between people with disabilities who need barrier-free affordable

[116] *Accessibility includes the general categories of accessible, adaptable, or ground floor/elevator as well as some specific design features such as whether the unit has a roll-in shower.*

housing with vacant accessible units. It also eliminated the redundant, costly, and time-consuming efforts of various Centers for Independent Living to keep track of this information.

- **TAC/NCBDC recommends that Virginia build upon existing efforts implement an interactive statewide database similar to MassAccess. To accomplish this, the following steps would need to be undertaken:**

  - **Identification of funding** to both create the database and registry and also to update and maintain it so that the information remains current. The Virginia Board for People with disabilities has already awarded funding for the development of the registry to VHDA. This start-up funding will need to be supplemented in order for the project to be sustainable over time and made available statewide. Potential sources of funding include HUD Fair Housing grant funds and foundation funding, however an allocation of state resources, such as CDBG or general funds, will most likely be necessary if the registry is to be a long-term activity.
  - **Passage of new state fair housing laws** that would facilitate the cooperation of both private landlords as well as subsidized housing owners and developers. This law would also benefit owners, including those owners that have developed accessible units through the new LIHTC incentives, by decreasing the amount of time that a unit stays vacant. Without this legislation it will be difficult for the registry to be kept current and will make it more difficult for people with disabilities searching for accessible units to find *vacant* units in a timely manner.
  - **Ensuring access** to the registry by making the information available statewide at CILS, government offices and other public buildings, CSBs, etc.. This is best accomplished **by having the registry be web-based** and accessible via the internet. To accomplish this, CILS and other agencies will need to be equipped with computers with internet access and staff will need to be trained on how to use the registry. It is important that any system that is designed be accessible to all people with disabilities, including people with visual disabilities who may need special software in order to access the registry online.

Recommendation 7: Increase the availability and number of accessible units through enforcement and education activities.

Through creative methods, such as the incentives in the LIHTC funding competitions, Virginia is developing more barrier-free accessible housing units. Evidence gathered through the TAC/NCBDC assessment suggest that these incentives alone may not create enough accessible housing units to meet the need among people with mobility, physical, auditory, and visual impairments. It may be necessary to implement multiple strategies in order to expand the number of accessible housing units across the state.

The first strategy involves enforcement of the accessibility requirements of the federal fair housing laws as well as the Universal Building Codes. Advocates report that there are approximately 55,000 units in Virginia that are required to meet the standards of the federal fair housing laws (i.e. Fair Housing Act Amendments of 1988). Many of these units do not meet these standards, and there has been little enforcement of this accessibility requirement.

- **TAC/NCBDC recommends that the state Fair Housing Board in collaboration with the State Independent Living Council (SILC) and VHDA and DHCD develop and implement an oversight plan to increase compliance statewide with accessibility requirements of the federal fair housing laws and state building codes.**

  In concert with HUD's Fair Housing Office, a testing program involving individuals with disabilities could be developed and implemented that identifies standard violations in public housing, publicly financed housing, and multifamily development. On a competitive basis as part of the HUD Super Notice of Funding Availability (SuperNOFA), there are funds available for fair housing initiatives that could provide additional resources for Virginia to design and implement enhanced compliance and oversight activities.

- **TAC/NCBDC recommends that Virginia establish a training and awareness campaign to educate the housing industry professionals (including builders, contractors, developers, etc.) regarding their responsibilities under the federal fair housing laws and to ensure that they are completely familiar with the Universal Building Code.** Additionally, these trainings could introduce housing professionals to the concepts of universal design and visitability – providing models for developing housing that is universally designed and demonstrating how universal design could easily be incorporated into **all** housing, not just special needs housing. This training should be offered at least twice a year and could be sponsored jointly by DHCD/VHDA in conjunction with trade organizations representing state builders and other housing professionals.

  Since DHCD currently trains all local building inspectors, it plays a critical role in this education campaign. TAC/NCBDC recommends that DHCD work with accessibility experts to design a component to the training required of all inspectors that provides them with in-depth knowledge about the requirements of the federal fair housing laws and universal building codes.

Recommendation 8: Create a funding pool to assist landlords and tenants to make accessibility modifications.

Federal fair housing laws require that landlords to make reasonable modifications for people with physical disabilities who, due to their disabilities, need modifications made to their homes. Reasonable modification policies allow a person with a disability to alter their rental housing to meet his/her unique needs. Under reasonable modification, an owner must allow a person with a disability to make certain physical modifications to a unit if needed to fully use and enjoy the housing unit. Owners may require that the modifications be completed in a professional manner and are in compliance with all applicable building codes. In addition, when reasonable, owners may require the tenant to restore the unit to its original condition before vacating. Examples of modifications might be installing a ramp or a roll-in shower.

These fair housing laws make it illegal for landlords to refuse to permit tenants to make reasonable modifications to their house or apartment if the tenant is willing to pay for the changes. Unless the housing is subsidized, in most cases, the tenant must assume the cost of these modifications. Because many people with disabilities have low incomes, requiring tenants to pay for modifications is a significant barrier to modifying rental housing to meet their unique needs.

To address this issue, many states and localities have created funding pools that can be accessed by tenants or landlords who want to make accessibility modifications to their homes so that a person with a disability can live their independently. In most cases, these funds are distributed as grants or forgivable loans, with limits on how much funding is distributed per request. There are also different methods for allocating and distributing the funds, often depending on the funding used to create the pool. For example, some states provide direct grants to low-income renters for accessibility modifications while some localities choose to allocate funding to non-profit organizations to provide loans to homeowners wishing to make similar modifications.

- **TAC/NCBDC recommends that Virginia create a funding pool for accessibility modifications.** In Virginia, DRS administers the Assistive Technology Loan Fund. This program can fund home modifications for DRS clients, including architectural changes and permanent installation of equipment directly related to removing a barrier to employment. It is unclear whether this resource could also be accessed by people with disabilities who need home modifications that are not related to expanding employment opportunities. It is also unclear whether people with disabilities who are not DRS clients can access this fund.

  If the DRS Assistive Technology Loan Fund could be made available to all people with disabilities in need of some type of accessibility modification (regardless of if the modification is related to employment), then TAC/NCBDC recommends expanding this pool of money to assist more households.

  If the scope of this DRS program can not be expanded, then TAC/NCBDC recommends establishing a separate funding pool for all accessibility modifications. Some of the major housing resources that could be used to create this pool include:

  - Community Development Block Grant program
  - HOME program
  - Tax Exempt Bonds (low-interest rate loans to make accessibility modifications)

D. Focus Area: Home Ownership Opportunities

Recommendation 9: Revisit the state's homeownership activities to direct resources to people with disabilities and link to Section 8 vouchers for homeownership assistance

Both DHCD and VHDA currently operate a variety of programs to assist Virginia residents to become homeowners. Most of these first time homebuyer programs offer mortgages at below market rates and many are designed to meet the needs of people who could not qualify for financing from a traditional lending institution. Although very successful, the majority of

Virginia's homeownership programs are targeted to people with higher incomes, and not people with disabilities below 30 percent of the area median. Nor are they targeted to people with disabilities.

The availability of Section 8 Housing Choice vouchers for homeownership presents the opportunity for Virginia to help more extremely low-income people with disabilities to participate in the VHDA and DHCD homeownership programs. New HUD regulations – such as the lowering of the minimum income required to participate in the program – have made the Section 8 homeownership option even more attractive to people with disabilities. However, it should be noted that PHAs are not required to administer a Section 8 homeownership program, although they must offer this option to people with disabilities who meet the income limits, if it is needed as a reasonable accommodation for their disability.

Virginia, as with some other states, has a very varied housing markets ranging from areas with low-cost housing, such as Danville, to more urban areas, such as Alexandria, with higher-cost housing. This market variation should be considered when determining the feasibility of a Section 8 homeownership program, specifically for people with disabilities. Although a Section 8 homeownership program may be very successful in an area where a low-income person can locate a home at an affordable price, it may not work as well for low-income people in a more urban area where the cost of housing is much higher.

To address this issue, some states, such as Maryland and Colorado, have established homeownership programs specifically targeted to low-income people with disabilities. These programs offer features designed to meet the unique needs of low-income people with disabilities such as utilizing creative underwriting and offering very low-interest loans as well as substantial assistance with down payment and closing costs. For example, the Maryland Home Ownership Program for People with Disabilities, which is administered by the Maryland Department of Housing and Community Development, is unique in that it involves a substantial commitment of state resources – over $8.25 million spent to date and an addition $2.5 million allocated each year for the next 3 years. Perhaps the most important factor in the program's success is the state's commitment to provide a very low interest mortgage product. During the first phase of the program, interest rates could range anywhere from 0-5 percent, which was an effort to take into account the extremely low-incomes of people with disabilities. New policies set a fixed rate of 3 percent, which is still well below market.

Even with a low-interest mortgage, many low-income people with disabilities still face difficulties in amassing the necessary funding to cover the costs associated with buying and maintaining a home, such as down payment, closing costs, ongoing maintenance, repairs, etc. A TAC review of the Fannie Mae HomeChoice mortgage product[117] documented that without substantial financial assistance to help with the down payment and closing costs people with

[117] The Fannie Mae HomeChoice mortgage product is made available through homeownership coalitions implemented in 19 states and localities across the country. HomeChoice mortgages offer flexibility in the areas of loan-to-value ratios (LTVs), amount of down payment, qualifying ratios, and establishing credit which makes HomeChoice a unique model for helping people with disabilities with limited incomes become homeowners. Since its inception in 1996, the HomeChoice mortgage product has helped over 200 people with disabilities become first time homebuyers by emphasizing homeownership education, pre- and post-purchase counseling, and other long term supports that make it possible for people with disabilities to succeed as homeowners.

disabilities had a difficult time buying a home. [118] Even in Colorado where the Department of Human Services administers a statewide Section 8 homeownership program for people with disabilities, it is the ability of potential homeowners to save funding (usually in escrow through FSS) and to access down payment and closing cost assistance that makes buying a home feasible.

- **TAC/NCBDC recommends that VHDA, DHCD, and disability housing advocates work together to develop a clear understanding of potential effect of the Section 8 homeownership program, taking into consideration the variables listed below, and how the Section 8 assistance can be blended with existing VHDA and DHCD programs, such as the DHCD's Single Family Regional Loan Fund:**

  - The income of the borrower;
  - The amount of down payment assistance which could be made available to the buyer;
  - The amount of Section 8 homeownership assistance for which the household is eligible;
  - A reasonable range of the cost of a home in different areas of the state – both rural and urban;
  - An average cost of homeownership expenses such as utilities, insurance, etc.
  - Homeownership assistance payments through the Section 8 voucher program.

  This type of financial analysis can assist people with disabilities and their advocates, as well as those administering the program to determine whether Section 8 voucher program assistance – considered within the context of various down payment assistance amounts and the cost of the property – will be sufficient to enable people with disabilities with incomes to take advantage of the homeownership program.

  A key part to this financial analysis is the creative use of the Section 8 assistance. Many PHAs have developed innovative underwriting strategies that allow a person receiving a Section 8 homeownership assistance to qualify for a more expensive home. By using the applicant's income to determine the amount of the first mortgage and using the Section 8 towards a second mortgage, the PHA and the lender are able to increase the applicants "purchasing power." Appendix F provides two financing scenarios for buying a home in Massachusetts – one in which the Section 8 assistance is considered part of the household income and one in which the Section 8 assistance is applied toward a second mortgage. Given the tight housing market in many communities in Virginia, and the limited incomes of many Section 8 applicants and participants, this flexible financing may be an integral component to making the Section 8 homeownership program work.

  In order for any homeownership program to succeed, it is important for Virginia to recognize the unique needs of people with disabilities and frail elders when providing housing counseling programs. Existing housing counseling agencies should receive specialized training from disability and elderly experts and be encouraged to take steps to develop special housing counseling programs for these target populations. At the same

[118] Going it Alone: The Struggle to Expand Housing Opportunities for People with Disabilities. *Technical Assistance Collaborative and the Consortium for Citizens with Disabilities Housing Task Force, August 2000.*

time, Virginia can take advantage of HUD funding opportunities, such as Regional Opportunities for Self Sufficiency (ROSS) grants and Housing Counseling Grants, to create new housing counseling programs targeted exclusively to people with disabilities, frail elders, and other special needs groups.

E. Focus Area: Supportive Services

Recommendation 10: Develop a mechanism at the Executive level for improved comprehensive and coordinated action by state agencies to to reshape the structure and scope of support for affordable and accessible housing choices that are community based statewide for individuals with the full range of disabilities.

The Governor and Lt. Governor have made strong public statements about the importance of reinvestment of resources to solidly anchor and expand community based services for Virginians with disabilities. The Commonwealth of Virginia enjoys a proud history of nurturing independence and leadership at a state and community level. In some states an Executive Order has been the mechanism to develop such coordinated action. In some states legislation has been passed to create a structure and a set of new performance measures for public accountability. In the Commonwealth, there are unique political considerations with the limit of one term for a Governor. With the pressures of Olmstead, there is an urgent need for the legislature and the Governor to identify an acceptable approach to improved coordination with accountability for measurable systems change.

Whether by Executive Order or some other mechanism immediate specific actions from multiple state agencies to identify and address barriers to community living with appropriate supportive services for people who are senior and/or disabled must be coordinated and be subject to public review and scrutiny. The following actions would be expected from six agencies:

- Department of Rehabilitative Services
- Department of Mental Health, Mental Retardation, and Substance Abuse Services
- Department of Medical Assistance Services
- Department of Social Services
- Department for the Aging
- Statewide Independent Living Council

1. Each agency head shall designate a representative to evaluate policies, programs, statutes, and regulations, of their respective agencies to determine which ones should be revised or modified to improve the availability of affordable housing choices and necessary supportive services for low-income seniors and/or persons with disabilities;
2. Each agency should identify opportunities for cross agency collaboration to improve effectiveness and return on investment of public resources to expand supportive services that enhance opportunities for independent living for the two targeted populations in concert with VHDA, DHCD, and PHAs;
3. The lead representatives shall serve as a workgroup to work together with the Disability Commission and the Lt. Governor's Office to seek input from consumers and advocacy and provider agencies at a state and local level; and

4. A plan with specific recommendations that considers the recommendations from this Report and the Olmstead Taskforce should be submitted to the Governor within ninety days.

It is expected that each participating agency and the Work Group will identify and prioritize existing barriers and then develop proposed strategies proposed to reduce or eliminate the barriers that are most efficient and effective in their utilization of public resources. It is expected that a timetable with short and longer-term objectives would be agreed to by all stakeholders.

- **TAC/NCBDC recommends that the Work Group empowered by the Office of the Governor and General Assembly focus specific attention on a) improved coordination between supportive service agencies and housing funders; b) enhanced system of information sharing between housing and service providers and consumers; c) consistent philosophy on housing and supportive services across agencies with resource allocation consistent with the agreed upon guiding principles of community based opportunities furthering independence and choice; and d) improved connection between housing choices and employment and asset development strategies for persons with disabilities. Two out of three individuals with disabilities lack the income to afford most available housing choices. A focus on improving employment outcomes directly impacts the critical challenges of affordability.**

Recommendation 11: Build on current Reinvestment Project planning to identify one region to pilot new strategies to reinvest current resources in acute and congregate care to a person-centered and independence focused approach to community living choices with needed supportive services.

With the additional push of the *Olmstead* community imperative, there has never been a better time to move forward with a realignment and reinvestment of public resources to met the supportive service needs of persons with disabilities in community living options at home or in affordable multifamily options.

- **TAC/NCBDC recommends a number of changes to Virginia's Medicaid waiver options that transition from the dependence on congregate residential services in the Mental Retardation waiver to future focus on independent living with supportive services and the expansion of mental health support services to maintain recipients of services in their communities rather than more restrictive settings.**
- **TAC/NCBDC recommends that a staff position at the Department level of DMHMRSAS be dedicated to housing and develop more collaborative opportunities with VHDA, DHCD, and PHAs. Each Community Service Board should also be encouraged to identify a lead staff member to be focused on expanding relationships with PHAs and expanding affordable housing choices.**
- **TAC/NCBDC recommends that the current reinvestment projects be expanded to examine resource realignment on the Mental Retardation side between training centers, congregate care settings and more support for more independent**

community living options including the use of Section 8 waivers to be part of individual discharge plans.

It is unlikely that any or all of these three options would be possible with accompanying increases in the number of slots in the Mental Retardation and Developmental Disabilities waivers to meet waiting list demand without targeted reductions in current resources to training centers and reinvestment of dollars now consuming the bulk of resources in the Mental Retardation waiver. It is encouraging that current proposed changes by DMAS and Community Mental Health and Substance Abuse Treatment Services will expand the amount, duration, and scope of services in home and community settings. At a federal level, the Center for Medicare and Medicaid Services (CMS) is encouraging states to propose options that allow money to follow the person from more restrictive settings.

Virginia has a unique opportunity to more flexibly define supportive services that must work in tandem with housing resources controlled by local PHAs and DHCD. Virginia with the advice and support of CMS, can be an innovator in reinvestment of public resources that expands waiver coverage in terms of number of individuals served, the scope of supportive services, consumer control and direction of individual budgets, and an expansion of eligibility to cover the growing brain injured population.

It is expected this summer that CMS will again issue requests for proposals from state Medicaid agencies for systems change activities. Such multiyear funding could be the catalyst for identification of one of the five regions in the Reinvestment Project to be the target for realignment of public resources with expanded waiver coverage for community living and supportive services.

F. Focus Area: Education and Leadership Development

Recommendation 12: Identify on a competitive basis self advocates, parents, and family members from all areas of the state to participate in a Housing Leadership Academy to become more active at a local and state level with housing resource decision making and policy development.

The language of housing subsidies, finance, and development are not well understood by the vast majority of individuals who are low-income elderly and/or disabled. To become more active in the process of housing plan development and decision making at a local and state levels requires increasing knowledge regarding multiple federal and state funding streams including options to set preferences, discretion to raise rental assistance subsidy limits as a reasonable accommodation, fair housing requirements, etc. In Maryland, the Developmental Disabilities Council is sponsoring a series of trainings to develop the housing leadership skills of 20 individuals with disabilities and family members each year for the next three years. The training, which consists of full-day meetings once a month for four months and homework assignments between meetings, has a goal of development of a statewide network of knowledgeable experts in the disability community to commit time to systems change strategies that expand affordable and accessible housing choices and supportive services at a local community level. The

Maryland Housing Leadership Academy focuses on decisions regarding rental assistance and housing development through policy formulation and implementation.

- **TAC/NCBDC recommends that DHCD, VHDA, and the Virginia Board for People with Disabilities participate in the development of a three-year Housing Leadership Academy Program to build a cadre of knowledgeable advocates to become involved at a local and state level in positively influencing housing resource decisions and housing and service agency coordination.**

In Virginia there are over 200 Partners in Policy making graduates who have a foundation of knowledge to build housing specific expertise. Several of the other TAC/NCBDC recommendations focus on education and training of local housing agency staff, building code officials, housing developers and property managers. The Leadership Academy emphasizes consumer empowerment through specific knowledge gains focused on housing and the skill development to accelerate needed systems changes with local and state agencies. From local public meetings to identify unmet housing needs to cross agency opportunities to coordinate supportive service delivery with independent housing choices, the Academy graduates can sustain public attention with a sense of urgency on meeting the needs of low-income individuals who are aging and/or disabled.

Appendix A
Virginia Interviews

List of People Interviewed

NAME	AGENCY
Adams, Bob	Community Housing Partners
Adams, Martha	Virginia Department of Mental Health, Mental Retardation, and Substance Abuse Services
Ambler, Nancy	Staff Director, Housing Study Commission
Antley, Barbara	Fairfax Area Agency on Aging
Banks, Reed	Region Ten Community Service Board
Brennan, Judity	Southampton Roads
Campbell, Robbie	Virginia Department of Housing and Community Development
Casper, Janaka	Community Housing Partners
Chandler, Jim	Virginia Housing Development Authority
Dickerson, Cora	Richmond Disability Services Board
Dreyer, Sharon	Fairfax County Department of Housing
Eiffert, Bob	City of Alexandria Housing Office
Ernst, Bill	Virginia Department of Housing and Community Development
Fairburn, Sharon	Virginia Housing Development Authority
Ferguson, Terry	Danville Redevelopment and Housing Authority
Fobbs, Willie	Virginia Department of Housing and Community Development
Friedman, Andrew	Virginia Beach Department of Housing and Neighborhood Preservation
Friedman, Carey	Office of the Lt. Governor
Fuller, Bill	Virginia Housing Development Authority
Garrett, Steve	Wise Redevelopment and Housing Authority -
Gilley, Barbara	Member of the *Olmstead* Task Force, Alexandria Disabilities Services Board, CHOICE, Inc.
Goode, Denise	Virginia Department of Rehabilitative Services
Gooden, Basil	Virginia Department of Housing and Community Development
Goodman, Grant	Virginia Adult Home Association
Guy. Mike	District Three Governmental Cooperative (AAA Mt. Rogers Area)
Harris, Bill	Culpepper Gardens
Harris, Gretta	Local Initiative Support Corporation, Richmond
Hastings, John	Virginia Housing Development Authority
Hill, Janet	Liaison from VCU to the Housing Study Commission
Hollifield, Shea	Virginia Department of Housing and Community Development
Johnson, Ben	SILC Housing Work Group
Lawson, Katherine	Virginia Board for People with Disabilities
Lesniak, James	Northwest Neighborhood Environmental Organization, Inc.
Loforno, Frank	Hampton Redevelopment and Housing Authority
Love, Karen	Consumer Consortium on Assisted Living
Luck, Sarah	Richmond Residential Services
Lynch, Terri	Arlington Area Agency on Aging
McGrael, Judy	Virginia Department of Social Services
McKenna, Connie	Advocate for Adult Foster Care
Martinis, John	Virginia Office of Protection and Advocacy
Merchant, Barry	Virginia Housing Development Authority
Mester , Cindy	Loudon County Department of Housing
Miller, Chuck	Big Stone Gap Redevelopment and Housing Authority
Nowlin, Eileen	US Department of Agriculture
Ostrowski, Toni	Virginia Housing Development Authority

Peters, Edith	Hampton Redevelopment and Housing Authority
Peterson, Bill	Virginia Department of Aging
Powers, Carolyn	Newport News Redevelopment and Housing Authority
Rowland, Sue	Housing Advocate
Sampson, Paula	Fairfax County Redevelopment and Housing Authority
Scott, Donna	Region Ten Community Service Board
Shank, Mike	Virginia Department of Mental Health, Mental Retardation, and Substance Abuse Services
Shanklin, Gerald	Virginia Department of Housing and Community Development
Shelton, Bill	Virginia Department of Housing and Community Development
Sisk, Susan	Community Housing Partners
Smith, Terry	Virginia Department of Social Services
Smuzynski, Al	Wesley Housing Development Corporation
Spiedel, Joe	Virginia Department of Housing and Community Development
Stacey, Sharon	Junction Center for Independent Living
Stanley, Julie	Virginia Department of Mental Health, Mental Retardation, and Substance Abuse Services
Stevens, Carolynne	Virginia Department of Social Services
Thorpe, Diana	Department of Medical Assistance Services
Tousignaught, Alice	Virginia Supportive Housing
Vesley, Kathy	Bay Aging (Chesapeake Area Agency on Aging)
Wood, Erica	Northern Virginia Aging Network

Appendix B
Virginia DMAS Waivers

WAIVERS, Number in Waiver in FY 2002, Waiver Services	AIDS 337 people	CD-PAS 191 people	DD 124 people	E&D 9,271 people	MR 5367 people	Tech Assisted 308 people	Reimbursement Rate for Service Rest of State	Reimbursement Rate for Service NOVA
Adult Companion Care – Agency			X		X		$11.25/hr	$13.25
Adult Companion Care – Consumer Directed					X		$9.31 (rate of $7.75 + overhead)	$11.76 (rate of $10 + overhead)
Adult Day Health Care				X			$41/day	$45/day
Assistive Technology			X		X	X	$5,000 max/yr	$5,000 max/yr
Congregate Residential					X		$12.81/hr	$12.81/hr
Environmental Mods			X		X	X	$5,000 max/yr	$5,000 max/yr
Case Management	X						$15/hr	$20/hr
Crisis Stabilization			X		X		$81/hr	$81/hr
Day Support Regular			X		X		$23.99/unit	$23.99/unit
Day Support High Intensity			X		X		$34.15/unit	$34.15/unit
Family/Caregiver Training			X				$42.50/hr	$42.50/hr
In-Home Residential			X		X		$18/hr	$18/hr
Nutritional Supplements	X						Varies	Varies
Personal Care – Agency	X		X	X	X	X	$11.25	$13.25
Personal Care – Consumer Directed		X	X		X		$9.31 (rate of $7.75 + overhead)	$11.76 (rate of $10 + overhead)
PERS			X	X	X		$38.14/month	$38.14/month
Private Duty Nursing-RN	X					X	$24.70	$30
Private Duty Nursing-LPN	X					X	$21.45	$26
Respite Care - Agency (PC)	X		X	X	X	X	$11.25	$13.25
Respite Care - Consumer Directed			X		X		$9.31 (rate of $7.75 + overhead)	$11.76 (rate of $10 + overhead)
Skilled Nursing –RN			X		X		$24.70/hr	$30/hr
Skilled Nursing - LPN							$21.45/hr	$26/hr
Supported Employment-Individual			X		X		$16/hr	$16/hr
Supported Employment – Enclave			X		X		$32.50/unit	$32.50/unit
Therapeutic Consultation			X		X		$50/hr	$50/hr
Total Waiver Cost (in millions)	**$1.3**	**$2.7**	**$1.2**	**$90.2**	**$197.7**	**$17.8**	**$310,868,478**	
Total Other Costs (in millions)	**$5.9**	**$1**	**$.6**	**$49.8**	**$37.5**	**$8**	**$102,821,666**	
Total Costs (in millions)	**$7.2**	**$3.7**	**$1.8**	**$140**	**$235.2**	**$25.8**	**$413,690,144**	
Average Cost Per Person (Waiver and Other costs)	**$19,343**	**$22,445**	**$14,360***	**$14,838**	**$43,839**	**$84,553**		
Av. Institutional Cost	**$25,783**	**$23,825**	**$100,829**	**$23,825**	**$100,829**	**$135,441**		

*Waiver is in implementation phase, this is an artificially low number.

Appendix C
Virginia Public Housing Agencies with Section 8 Housing Choice Vouchers Targeted to People with Disabilities

Housing Agency	Mainstream Vouchers	Certain Developments Vouchers	Designated Housing Vouchers	Fair Share Voucher Set-Asides*	Total Vouchers for People with Disabilities
Abingdon Redevelopment and Housing Authority	0	0	0	4	**4**
Accomack - Northampton Regional Housing	75	75	0	6	**150**
Charlottesville Redevelopment and Housing Authority	0	0	0	5	**5**
Chesapeake Redevelopment and Housing Authority	75	0	0	0	**75**
County of Loudoun Housing Services	75	0	0	2	**75**
Fairfax County Redevelopment and Housing Authority	100	0	0	14	**100**
Hampton Redevelopment and Housing Authority	75	0	0	68	**75**
Harrisonburg Redevelopment and Housing Authority	70	0	0	0	**70**
Lee County Redevelopment and Housing Authorty	0	0	0	11	**11**
Norfolk Redevelopment and Housing Authority	75	0	0	0	**75**
Petersburg Redevelopment and Housing Authority	0	0	0	6	**6**
Piedmont Housing Alliance	75	0	0	0	**75**
Roanoke Redevelopment and Housing Authority	46	0	0	10	**46**
VA Beach Dept of Housing and Neighborhood Preservation	175	0	0	3	**175**
Virginia Housing Development Authority	157	0	0	84**	**241**
Waynesboro Redevelopment and Housing Authority	20	0	25	0	**45**
Wise County Redevelopment and Housing Authority	0	0	0	15	**15**
TOTAL	**1,018**	**75**	**25**	**228**	**1,346**

* Includes set-asides for people with disabilities and people with Medicaid Waivers.

** VHDA reports that the majority of the total Fair Share vouchers awarded are targeted to people with disabilities.

Appendix D
Example of Developing Housing for People with Disabilities Using Section 8 Project-based Assistance

See the following pages.

Low - Cost Area Model - 20 unit mixed use project

Operating Assumptions

	1	2		1	2	
Rental Income				# units		
60% AMI	479	574		7	8	
Homeless/Disabled Units with PBA Assistance	390	484		2	3	(Rents set at the FMR)
Market (110% of FMR)	429	484		0	0	
Expenses Assumptions			Total	9	11	
1	2,400					
2	3,000					

Operating

Rental Income	
30% of 60% AMI	95,340
30% 40% AMI	26,784
Market	0
Total Income	122,124
Vacancy (5%)	6,106
Total Income	116,018
Expenses	
1 bedroom	21,600
2 bedroom	33,000
Services:	15,000
Subtotal Expenses	69,600
NOI	46,418
Available for Debt Service Coverage	38,682

		Term	Rate	Amort.
Maximum Supportable Debt	484,510.18	30	7.0%	30
Required DSC	1.20			

New Construction Costs

	Avg. Costs	# units	Total
1 Bedroom	55,000	9	495,000
2 Bedroom	65,000	11	715,000
Total Development Cost			1,210,000

Sources		Per unit	
FHLB AHP Direct Subsidy	225,000	11,250	(Deferred Loan)
Equity	0	0	
HOME	500,000	25,000	(Deferred Loan)
Debt	484,510	24,226	
Subtotal Sources	1,209,510	30,238	
Gap	-490	-12	

High - Cost Area Model - 40 unit mixed use project (22 at 60%, 10 at 30%, 8 market units)

Operating Assumptions						
Bed Room Type:	1	2		1	2	
Rental Income				# units		
60% AMI	978	1174		11	11	
Homeless/ Disabled Units w/ PBA assistance	984	1154		5	5	(Rents set at current FMR)
Market (set at 110% of FMR)	1082	1269		4	4	
Expenses Assumptions			Total:	20	20	
1 BR	4,100					
2 BR	5,100					

Operating Costs

Rental Income	
30% of 60% AMI	284,064
30% 40% AMI	128,280
Market	112,848
Total Income	525,192
Vacancy (5%)	26,260
Total Income	498,932
Expenses	
1 bedroom	82,000
2 bedroom	102,000
Services:	20,000
Subtotal Expenses	204,000
NOI	294,932

Available for Debt Service Coverage	245,777				
			Term	Rate	Amort.
Maximum Supportable Debt	3,078,511.93		30	7.0%	30
Required DSC (Lender Requirement)	1.20				

New Construction Costs

	Avg. Costs	# units	Total
1 Bedroom	130,000	20	2,600,000
2 Bedroom	160,000	20	3,200,000
Total Development Cost			5,800,000

(Acq. - $1 million and 4.8 million construction)

Sources		Per unit	
FHLB AHP Direct Subsidy	0	0	(Deferred Loan)
TC Equity	$ 3,209,303	80,233	(75 cent yield)
HOME	0	0	(Deferred Loan)
Debt	3,078,512	76,963	
Subtotal Sources	6,287,815	157,195	
Gap Surplus	487,815		

Project Name: Alexandria VA

Project Address:

EXTENDED CASH FLOW ANALYSIS

Low Income Units	32		Total Units	40
Percent of Units	80%			
Low Income Square Footage	25600		Total SF	32000
Percent of Area	0.8			
Non-qualified financing		$ -		
Grants deducted from Acqisition		$ -		
Grants deducted from Rehabilition		$ -		
40% of units for less than 60% of AMI			☑	
20% of units for less than 50% of AMI			☐	
Qualified Census Tract or Difficult to Develop Area			☑	
Historic Tax Credits (yes = 1; no =0)	0	$ -		

Maximum Tax Credit Calculation:		ACQUISITION		REHABILITATION
Total Eligible Development Costs (from Section 5 of One_Stop)		$ 1,000,000		$ 4,800,000
Less: Grants		$ -		$ -
Less: 20% Historic Rehab Credit Basis Reduction		$ -		$ -
Less: Non-Qualified Financing		$ -		$ -
Subtotal : Eligible Basis		**$ 1,000,000**		**$ 4,800,000**
Qualified Census Tract/Difficult to Develop Area		100%		130%
Percent of Low Income Units		80%		80%
Subtotal: Total Eligible Basis	**$ 156,000/unit**	**$ 800,000**		**$ 4,992,000**
Applicable Rate: (from One_Stop Application)		3.48%		8.13%
Maximum Annual Tax Credit Amount		$ 27,840		$ 405,850
Total AnnualTax Credit Amount			$ 433,690	
Estimated Net LIHTC Syndication Yeild	0.74 per TC $		$ 3,209,303	
Estimated Net Historic Tax Credit Yeild	0.90 per TC $		$ -	

Total Estimated Net Tax Credit Yeild	$ 3,209,303
Applicant's Estimated Tax Credit Equity: (from Section 3 of the One_Stop)	$ -
Variance:	**$ 3,209,303**

APPENDIX E
EXAMPLES OF PROMISING PRACTICES

Polk County Iowa Health Services

Polk County Health Services (PCHS) is the mental health and mental retardation/developmental disability authority for Polk County (Des Moines) Iowa. PCHS, albeit the largest and most urbanized county in Iowa, is a very infrequent user of state hospitals or residential schools (except for specialized programs) and also has a very low per capita use of general hospital inpatient or other high cost services. Part of this success is directly related to the housing strategies begun almost a generation ago.

Years ago, PCHS used county bonding authority[119] to begin buying small residential houses on scattered sites. Initially licensed as ICF/MRs or residential facilities for either people with mental retardation or people with mental illness, PCHS has converted them to supported community living models under the HCBS program. This meant reducing the capacity of each ICF/MR from four or more residents to three or fewer residents, and forgoing full cost reimbursement for the facilities. They also implementing a state/county bridge subsidy program, modeled on the Section 8 voucher program.

More recently, PCHS instituted a lead agency capitation demonstration project similar to the Village in California and the demonstration projects in Baltimore. These projects receive a case rate for each enrollee, and take responsibility for delivering or coordinating access for all necessary services. The lead agencies are at risk for all inpatient hospital and other high cost services. One of the four lead agencies serves a blended population of people with serious mental illness or mental retardation/developmental disability. PCHS also decided to integrate Medicaid targeted case management with the lead agencies. In this way the treatment planning and care coordination functions are both organizationally and functionally linked with community support teams and other community services.

The combination of the financial incentives of the case rate demonstration project,[120] the de-congregation of PCHS houses, and the use of "bridge" and Section 8 subsidies, has stimulated the development of creative, mobile, person-centered services for consumers with mental illness or mental retardation/developmental disability. Two years of independent evaluations have shown that consumers enrolled in the demonstration projects do attain better outcomes, have greater satisfaction, and are moving towards independent housing and employment models.

PCHS has accomplished much of its success by advocating for changes in state policy and regulations for services, as well as advocating for access to affordable housing resources. PCHS was successful in getting the Iowa Legislature to require that the state submit a Medicaid Adult Rehabilitation Option plan amendment, and ARO services and federal financial participation (FFP) are just now being implemented. PCHS has also convinced the Legislature to foster

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[119] PCHS is a quasi-public authority with an independent governance board and its own staff. PCHS has its own bonding authority, and it also has access to Polk County general obligation bonding authority.

[120] The incentives include both the bearing of risk and the financial incentive payments for positive performance.

several demonstrations of fully decategorized services funding to be managed under a single site at the local level. PCHS has shown that best practices in housing and services can be attained through a consistent vision, patient working with providers and other stakeholders, use of financial incentives, and willingness to take a few risks.

Massachusetts Housing Finance Agency (MHFA) Elderly CHOICE Program

MHFA's Elder CHOICE program helps developers build and operate housing for seniors who need assistance to live independently but do not need nursing home care. The program is unusual in that it provides assisted living services and reserves 20 percent of the units for extremely low-income elderly people who are Medicaid eligible. The program has developed over 700 units of housing with more in the pipeline, and won the Innovations in American Government Program from the Kennedy School of Government at Harvard University and the Ford Foundation in 1995.

To design and implement the program, and to speed project review, MHFA assembled a working group of specialists in areas such as design, housing management, service delivery, and local underwriting. The interdisciplinary group developed comprehensive, streamlined methods that have proven to facilitate loan applications.

Financing for the Elder CHOICE program requires the creative use of funding from multiple sources, including bond financing, equity from private developers, proceeds from the sale of Low Income Housing Tax Credits, and other federal sources. Operating costs for the low income units (which can run as high as $25,000 per unit per year including debt service) come from tenant rents in the market rate units, and the Group Adult Foster Care program (GAFC), a Massachusetts Division of Medical Assistance Medicaid funded nursing home diversion program that saves the state thousands of dollars per person per year. The GAFC contributes approximately $1,300 dollars per month in operating income per resident to the project for services that include personal care, cooking, housekeeping, laundry and housekeeping and transportation. Coordination for other community-based services, including primary health care, is also provided by project staff.

Ohio's Supportive Housing Non-Profit System

The State of Ohio's supportive housing production efforts have built or rehabilitated several thousand units of supportive housing for people with disabilities. Ohio's approach was designed to overcome two major barriers to producing supportive housing: (1) identifying organizations to develop the housing; (2) identifying the substantial amounts of housing funding needed to develop high quality and financially feasible projects.

Ohio's approach has relied on the use of county-based non-profit housing development corporations whose sole mission is to produce supportive housing. The corporations were created through the auspices of the mental health and mental retardation systems, and received "start-up" operating support from these systems. The first three non-profits in Columbus, Cincinnati, and Toledo were created as an outcome of the Robert Wood Johnson Foundation's Demonstration Program on Chronic Mental Illness, which provided additional development

financing as well as access to 125 Section 8 rental subsidies. Since that time, other non-profits have been created to expand housing capacity for people with mental illness and mental retardation, including Creative Housing Incorporated in Columbus that has developed over $30 million in housing resources, primarily single family and duplex units in established neighborhoods.

Ohio's non-profits also had access to state capital funding for supportive housing development that – before the supportive housing program – was dedicated to the construction of facilities for people with severe disabilities. The capital funds typically pay up to 50 percent of the "hard costs" for development and rehabilitation and make it much easier for the non-profit to leverage other government housing funding streams. [NOTE: Very few states provide capital funds for supportive housing development for people with disabilities.] Access to supportive services for residents is facilitated by the non-profit's closely held relationship with the county service system, although both partners will admit "things are not always perfect on the supportive services side." Although most of the housing is set-aside exclusively for a specific disability sub-population, some non-profits have developed mixed population, as well as mixed income housing projects.

Corporation for Supportive Housing (CSH) Initiatives

CSH has developed innovative approaches to supportive housing development in 8 states, including the states of Connecticut and California. These two localities have made important strides in developing mixed income/mixed population models of supportive housing as well as blended supportive services funding. Because of the type of funding used for the projects' housing subsidy component, the housing developed primarily serves homeless people with mental illness and/or substance abuse and/or AIDS.

CSH Connecticut Program

In 1995, CSH's Connecticut program developed a mixed income, mixed population structured production program in partnership with state housing and human services agencies that produced approximately 300 units of supportive housing across the state. The state dedicated both capital funding for housing as well as supportive services funding that was provided through a coordinated application process. The supportive services funding was specifically set-aside for on-site service coordinators to be available for each project. In addition, the Connecticut Department of Social Services – the state PHA – agreed to use 200 Section 8 project-based vouchers for this program.

Nine projects were developed that ranged in size from 25 to 40 units, and included units for low-income working people and units set-aside for homeless people with disabilities. Ten percent of the units in each project are barrier-free. While service coordinators were targeted to work with formerly homeless residents, in practice, they were also available to assist other residents of the project who might need information or referral to a community-based agency. This flexible approach to linking residents of integrated supportive housing with needed supports is a critical aspect of the success of the CSH Connecticut initiative.

A second CSH Connecticut initiative, the Supportive Housing Pilots Initiative, has a goal of 500 units, and has already received $2.1 million in annualized service funding from the State and $6 million in HUD rent subsidy funding. In March of 2001, members of the Connecticut legislature proposed dedicating $15 million in State surplus funds for capital financing for Pilots projects. If this measure is approved, significant resources will be in place for the development of 300 supportive apartments.

CSH California Health, Housing, and Integrated Services Network (HHISN)

In 1995, the California office of CSH developed the Health, Housing and Integrated Services Network (HHISN) to integrate the services and systems that provide housing and supports needed by homeless people with disabilities in order to sustain cost-effective, client centered service strategies linked to housing. This multi-agency, multidisciplinary collaboration included nearly 40 non-profit and public agencies in six San Francisco Bay Area counties. The model included fifteen interagency Integrated Service Teams dedicated to providing services to homeless and disabled adults living in over 1,000 units of non-profit owned housing (16 buildings) and 100 units of privately owned scattered-site apartments.

While the staffing model varied somewhat from site to site, an Integrated Services Team typically offered weekly primary medical care on-site, licensed clinical social workers linked to mental health and substance abuse treatment services, case management and assistance with independent living skills, peer support, vocational and employment-related services, service coordination with property management staff, social/recreational activities, and money management. Housing affordability was assured primarily through HUD's McKinney Homeless Assistance project-based rent subsidies.

HISSN was originally designed to be funded through a risk adjusted capitation approach. However, due to a lack of data for rate calculations and other related factors, the capitation methodology was never implemented. Instead, funding was patched together from a variety of sources, depending on the local system models and resource availability. For example, the San Francisco and Alameda County programs took advantage of existing federally qualified health centers (FQHCs), which had state subsidized, full cost rates. The FQHC's provided the licensed staff for the integrated service network teams. The remainder of the needed funding was comprised of HUD HSP services dollars; federal Center for Mental Health services PATH funds, local private philanthropy, and traditional Medicaid and County fee for service funds.

In the remaining counties FQHCs were not available, so the bulk of Medicaid integrated service team funding came under the Medicaid Rehabilitation Option (MRO.) In those counties the County Public Health Departments supplied psychiatry and other licensed clinicians, but were not able to maximize Medicaid reimbursements or to cover actual costs.

<u>Anne Arundel County, Maryland and Hennepin County, Minnesota Home and Community-based Services/Section 8 Demonstration Programs</u>

For the past two years, the Joseph P. Kennedy Jr. Foundation has been working to expand supportive housing for people with mental retardation, including those that have Medicaid-

funded Home and Community-based Services (HCBS) under an HHS waiver. The Foundation has two demonstrations projects are underway, one in Anne Arundel County Maryland and another in Hennepin County Minnesota. Both demonstration sites have created partnerships between local chapters of The Arc of the United States and local Public Housing Authorities administering Section 8 vouchers under the Mainstream Program for People with Disabilities. Many PHAs have received these vouchers as a condition of HUD approval of their PHA Allocation Plan, which permits the PHA to convert their elderly/disabled public housing buildings to "elderly only" housing.

As more public housing units are designated "elderly only," PHAs are expected to provide other housing alternatives for people with disabilities, including private rental housing using Section 8 tenant-based rental assistance. However, low vacancy rates, increased rents, landlord resistance, and lack of knowledge of disability issues have all limited PHAs' ability to use Section 8 vouchers to assist people with disabilities. The Kennedy Foundation saw an opportunity to use the Section vouchers for people with HCBS waivers, who could not pay for housing with the Medicaid funding and could not afford housing with their extremely low SSI incomes.

The demonstration is intended to take advantage of new HUD policies encourage PHAs to adopt preferences for people receiving Medicaid waiver-funded services. Both PHAs are setting aside specific numbers of Section 8 Mainstream vouchers to be used for people with mental retardation and other disabilities with Medicaid waiver services referred by services providers. Providers are being trained to assist applicants to complete the PHA application process and to locate housing within Section 8 guidelines. New landlords are also being recruited into the Section 8 program by supportive service providers, self-advocates, and family members. PHA staff are being trained to provide reasonable accommodations to people with disabilities in the Section 8 application and leasing process, and are learning Section 8 procedures for group living and "shared" housing models. During the past 18 months, over 75 people in Anne Arundel County have been assisted under the demonstration, which is now being replicated in Montgomery County Maryland. In Hennepin County Minnesota, 86 Section 8 vouchers have been reserved for people with disabilities by the Minneapolis Housing Authority.

Oakland County Challenge Grant and Bridge Subsidy Programs

During the early 1990s, Oakland County Michigan had one of the highest per-capita rates of institutionalization for people with mental illness and mental retardation in Michigan. This situation existed despite the development of over 300 licensed group homes and ICF/MR facilities – more than 1,500 beds in total. Under new leadership, a Challenge Grant program was developed to close beds in the nearby state mental health facility. Providers were asked to submit proposals to use public mental health funding being spent on in-patient costs to create supportive housing and fund community-based supports for 30 people who would be discharged from the state hospital. The "challenge" component of the grant was for providers to also include housing and supports for a specific number of people at-risk of institutionalization currently living in the community. In addition to the in-patient savings, providers were encouraged to maximize the use of Medicaid funding to create Assertive Community Treatment Teams for both discharged and at-risk groups.

The provider selected utilized scattered-site rental housing in the community for the housing component of the program, including a few units of transitional housing owned by the provider. "Bridge" rental subsides (funded with mental health service funds) were used to cover housing costs above the tenant rent share until program participants could obtain Section 8 vouchers from area PHAs. Under the "bridge subsidy model, program participants are required to apply for Section 8 assistance with the help of their case manager. Section 8 inspection and rent guidelines also apply to the "bridge subsidy."

The program recognized that Section 8 lists are often closed, and anticipated that it would take several years for the Section 8 voucher program to "kick-in." Tenants pay a slightly higher percentage of their income for rent under the "bridge subsidy" approach, as an incentive to convert their subsidy to Section 8. The "bridge" approach was modeled after similar programs used in the Connecticut, Ohio, and Oregon.

The "bridge subsidy" approach was subsequently made a formal program within the Community Mental Health Authority, and assisted several hundred of individuals with serious mental illness to obtain affordable housing – and ultimately Section 8 vouchers. Vouchers were provided by several local PHAs who agreed, after a sustained advocacy effort, to apply for Section 8 vouchers set-aside by Congress for people with disabilities.

Mass Access Housing Registry

In 1990, the Massachusetts legislature enacted the Housing Bill of Rights for Persons with Disabilities. The legislation is similar to the Federal Fair Housing Act in that it established accessibility and adaptability requirements in residential new construction. In order to address the real estate community's concern that it would be difficult to lease up the newly required accessible units, the legislation included the requirement that the Commonwealth establish a "central registry" of accessible and adaptable housing. Such a registry would provide an opportunity for managers to market units to the target population and allow people with disabilities easy access to the information.

The system that developed out of this legislative requirement is the Mass Access Housing Registry computer database[121]. The database includes every accessible and adaptable residential unit in Massachusetts including subsidized and market rate units of all sizes. While the primary purpose of Mass Access is to track units that are wheelchair accessible or adaptable, the database also tracks ground floor units, units that are accessible to person with sensory disabilities and units generally available to persons with disabilities[122]. In 2000, Mass Access tracked 2,406 developments, 206,851 total units and 11,362 accessible units. In 2000, 421 vacancies were reported to Mass Access; 63% of these were subsidized, 26% were market rate units. Of the 421, 51% were for one-bedroom units, 24% were for two-bedroom units.

The primary activities of Mass Access to date have been housing search and "matching." Mass Access will provide a housing seeker with (1) a list of currently vacant accessible and adaptable

[121] *The system uses Lotus Notes*

[122] *For example, a person with a cognitive disability may not need a wheelchair accessible unit but, because of their low-income, need a subsidized unit. This information is available through Mass Access.*

units across the Commonwealth, and/or (2) a list of units in the particular cities or towns they prefer. The housing seeker can designate any of the following variables for the housing search: location, bedroom size, rent level, (including subsidized) and accessibility[123]. The service is free to the consumer as well as the housing manager. There is no limit to the number of contacts an individual or agency can have with the system.

Housing managers participate in Mass Access for several reasons. First, the system has been successful in "matching " housing seekers with vacant units. In 2000, 97% of the vacancies reported were successfully rented up. Second, the fair housing legislation described above, requires owners to list units with MassAccess, and prohibits them from leasing to individuals who do not require the design features for 15 days.

The database is administered by a nonprofit statewide housing organization Citizens housing and Planning Association (CHAPA) under contract with the Commonwealth's vocational rehabilitation agency, the Massachusetts Rehabilitation Commission. CHAPA was selected as the administrator through a public bidding process. One of the primary advantages of CHAPA is that the agency is has good relationships with both the real estate/housing and disability communities.

CHAPA's responsibilities include updating vacancy listings daily as well as conducting an annual update with housing managers. As part of the annual update, managers are asked to provide updated information about their development such as any units that have been rehabilitated as well as changes in rents or financing. The database is then updated with this information.

Until recently, the Mass Access information was available to people with disabilities, their advocates, and families primarily through the eleven regional Independent Living Centers (ILCs) in Massachusetts. Each ILC has a copy of the database that receives updated vacancy information several times daily[124]. Housing seekers contact their local ILC and receive the requested information over the phone or through the mail.

This summer, Mass Access went on-line, making the database readily available to anyone, anywhere 24 hours a day for free. The information available on-line is not the complete database but is sufficient information for the housing seeker. For example, the Mass Access database includes information about development financing which is not available through the web site. This information can still be accessed by contacting an ILC, however. Housing managers can also list vacancies and provide other updates on-line. The web site includes several new features including housing fact sheets and information regarding the opening of Section 8 waiting lists across Massachusetts. Even before the web site has been broadly marketed, the site has had thousands of "hits." The web address is http://www.massaccesshousingregistry.org/.

While the legislature mandated the establishment of the registry, they did not initially appropriate funds for the program. Start-up funds were obtained from the U.S. Department of Housing and

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[123] *Accessibility includes the general categories of accessible, adaptable, or ground floor/elevator as well as some specific design features such as whether the unit has a roll-in shower.*

[124] *Updates are done on-line.*

Urban Development under a Fair Housing Initiative Program grant. Start-up funds were used to design the database (which has since been updated and revised both by Massachusetts and other states including Connecticut), conduct focus groups and design the housing questionnaire used to gather the housing information.

In 1995, the legislature initiated a $100,000 budget line item for operation of the database. These funds support CHAPA as well as their computer subcontractor. Funding for ILC participation in the program has been requested but has not yet been approved by the legislature.

Maryland Home Ownership Program

The State of Maryland is nationally recognized as a leader in the development of homeownership programs for people with disabilities. Begun in 1998 as a collaborative effort of the Maryland Developmental Disabilities Council, DHCD, the Governor's Office for Individuals with Disabilities, DHMH Mental Hygiene and Development Disabilities Administrations, Independence Now, self-advocacy groups, and agencies providing services to people with disabilities, the Maryland Home Ownership Program for People with Disabilities is one of only a handful of these type of programs nationwide. The Maryland Home Ownership program, which is administered by DHCD, is unique in that it involves a substantial commitment of state resources – over $8.25 million spent to date and an addition $2.5 million allocated each year for the next 3 years.

The program has been extremely successful and has assisted over 105 low- and moderate-income people with disabilities. The average loan amount is $74,708, although loan amounts range from $27,000 to $120,000. The Maryland Home of Your Own Coalition has played a key role by providing technical assistance, training, information/referral, education, and advocacy for housing counselors, lenders, realtors, non-profit developers, and other housing professions. A cross-disability coalition approach has ensured that the program is accessible for people with all types of disabilities, including mental illness, mental retardation, and other developmental disabilities, as well as people with mobility or sensory impairments. This coalition was also key factor in the success of recent advocacy efforts to obtain continuation funding.

Perhaps the most important factor in the program's success is the state's commitment to provide a very low interest mortgage product. During the first phase of the program, interest rates could range anywhere from 0-5 percent, which was an effort to take into account the extremely low-incomes of people with disabilities. New policies set a fixed rate of 3 percent, which is still well below market. (See Appendix A for a complete description of the revised program guidelines.) Maryland's diverse housing costs across the state will mean that in higher cost areas the program will work primarily for people with disabilities with incomes above 30 percent of median. In fact, the average annual household income for the initial phase of the program was approximately $23,000 – which statewide is equal to 33 percent of median income. However, substantial amounts of down payment assistance funding and/or the use of new Section 8 homeownership assistance will help to target the program to households below 30 percent of median.

Helen Sawyer Plaza Assisted Living Facility in

Miami, Florida

Part of the existing public housing stock belonging to Miami Dade Housing Agency, in 1998 Helen Sawyer Plaza became the first licensed assisted living facility within public housing in the nation. The idea had been presented in 1995 when the existing senior housing complex was thirty percent unoccupied and underused by the public housing clients, while it was perceived to be in a "difficult" area.

Helen Sawyer is licensed as an assisted living facility for 104 beds (21 one-bedroom units for married residents and 83 efficiencies for single occupancy). All services available under Florida law in an assisted living facility are provided, including assistance with bathing, grooming, incontinence, eating, transferring, ambulation, supervision of medications, and transportation. Also provided are housekeeping, laundry, and meal service (three meals and two snacks per day). All rooms are single, private rooms, except for siblings or married couples. The main floor of the building is home to the kitchen, dining room, administrative offices, recreation rooms, a computer lab, and crafts room, and televisions. The building has Extended Congregate Care license, necessary to access the Medicaid Waiver. One hundred percent of the units are affordable to households at fifty percent of area median income. Residents pay rents at thirty percent of adjusted gross income. Eighty percent of residents are women, seventy percent are Hispanic, and twenty-five percent are African-American. The average age is eighty-five. Forty percent of residents are former nursing home residents.

Helen Sawyer Plaza is the first use of licensed assisted living in public housing. The project used HUD funding to renovate and modify existing public housing and received a special state Medicaid Waiver allocation to pay for services. The rehabilitated development is at full occupancy and has a waiting list of 50 persons. Helen Sawyer has won several awards, including a HUD Best Practices Award, a NAHRO Human Services Award, and National Association of Counties Achievement Award, and a Florida Housing Coalition Success Stories Award. A number of housing authorities across the nation are considering developing similar assisted living to make better use of existing stock and enable current residents to age in place.

The conversion and modernization of the Helen Sawyer Plaza was possible because the building was an existing public housing building. This meant that the assisted living conversion required funding only for physical changes, like the addition of the commercial kitchen, and supportive services. The special demonstration program Medicaid Waiver avoided the usual Catch 22 situation of developing affordable assisted living. It is impossible to underwrite the Medicaid Waiver as a viable source of revenue because waivers cannot be committed before the facility is operational. The necessary license as a Medicaid Waiver eligible facility cannot be obtained until after development is complete, but loans are difficult to secure without a guarantee of Medicaid funding.

"IndependentChoices" – The Arkansas Cash and Counseling Demonstration

Arkansas is one of three States participating in the Cash and Counseling Demonstration Project sponsored jointly by the Robert Wood Johnson Foundation (RWJF) and the Assistant Secretary of Planning and Evaluation (ASPE) in the U.S. Department of Health and Human Services. On October 9, 1998, the Centers for Medicare & Medicaid Services (CMS) approved 5 year Section 1115 "Cash and Counseling" demonstration projects for Arkansas, New Jersey, and Florida. Arkansas implemented this demonstration program known as "IndependentChoices" on December 1, 1998. The program is Statewide and the eligible participants include those who are currently receiving Medicaid, are 18 years of age or older, require assistance with their activities of daily living, and are interested and willing to participate. This demonstration supports President Bush's *New Freedom Initiative* as it allows participants to live in their family residence or their own home and have control over the planning and purchase of long-term supports and services by way of a cash allowance.

Originally, participants were randomly assigned into two groups. The control group received Medicaid personal care through a provider agency and the treatment group received a monthly cash allowance and services to help them effectively use their allowance. People in the treatment group reported higher satisfaction with their services and a higher quality of life than people in the control group. In October 2002, after enough data had been collected for the evaluation, Arkansas eliminated the control group. All participants now receive a cash allowance, including people formerly in the control group.

Counseling/fiscal agencies, operating regionally, offer a wide variety of assistance to help people manage their allowance. Counseling services include helping people develop a required plan for using the allowance; helping the person plan back-up support for when a scheduled caregiver cannot work; and training to help people hire, train, and manage paid caregivers. Participants have a lot of flexibility in how they use the allowance. They can hire whomever they wish, including family (other than spouses) and friends. Participants can also purchase items related to personal assistance, including assistive technology, appliances, and home modifications. To ensure the services are enough to meet participant needs and to monitor possible fraud or abuse, the counseling/fiscal agency contacts each person once a month and conducts and in-person reassessment every six months.

Although "IndependentChoices" is part of a demonstration program called Cash and Counseling, few people received their allowance as a direct cash payment. The counseling/fiscal agencies offer financial services to help people employ their own caregiver, including preparing paychecks, withholding taxes, and other duties associated with being an employer. Most participants receive this assistance, although they have an option not to receive it if they demonstrate the ability to carry out the bookkeeping duties that the counseling/fiscal agencies perform. The counseling/fiscal agencies offer training to teach people how to handle these responsibilities.

Mathematica Policy Research, Inc. is measuring the cash allowance's impact in participants, paid and unpaid caregivers, and public expenditures. According to a presentation in fall 2002, almost three-fourths of the participants (seventy-three percent) were age sixty-five or older. People who received the allowance were more likely to say they were very satisfied with their overall care arrangements than people who received services from provider

agencies. People who received the allowance were more likely to say they were very satisfied with the way they were spending their life. Data in the presentation were based on interviews of over 1,700 participants, almost evenly divided between both groups. All of the above findings were statistically significant.

Arkansas first enrolled people in "IndependentChoices" in December 1998. As of December 31, 2002, 3,038 people have enrolled in "IndependentChoices." The monthly allowances are approximately equal to the cost of the Medicaid personal care services the people would have otherwise received, so the state reports no increased cost for providing this option.

"IndependentChoices" has also helped Arkansas expand participant control of other Medicaid services. The state used lessons from developing the program when implementing a Medicaid home and community-based services waiver that gives people more control over their services, without a monthly allowance.

In September 2002, Arkansas received a State Innovations Grant from the Assistant Secretary of Planning and Evaluation in DHHS to apply the "IndependentChoices" model to people leaving nursing facilities. Nursing facility residents will be able to exchange their nursing facility benefit for a monthly cash allowance.

Appendix F
Section 8 Homeownership Financing Scenarios

See the following pages.

1st Mortgage Only Scenario - Underwriting the Housing Assistance Payment as household income

	Individual with a Disability	Boston 3 BdRm	Boston 3 BdRm	Boston 3 BdRm	Springfield 3 BdRm	Lowell 3 BdRm	Brockton 3 BdRm	Boston 3 BdRm	Boston 3 BdRm	Boston 3 BdRm	Boston 3 BdRm	Boston 3 BdRm	Boston 3 BdRm
Gross Income	8,000.00	11,260.00	16,260.00	21,260.00	21,260.00	21,260.00	21,260.00	26,260.00	31,260.00	36,260.00	41,260.00	46,260.00	51,260.00
Annual Adj Income	7,600.00	10,300.00	15,300.00	20,300.00	20,300.00	20,300.00	20,300.00	25,300.00	30,300.00	35,300.00	40,300.00	45,300.00	50,300.00
Monthly Adj Inc	633.33	858.33	1,275.00	1,691.67	1,691.67	1,691.67	1,691.67	2,108.33	2,525.00	2,941.67	3,358.33	3,775.00	4,191.67
Payment Standard	860	1345	1345	1345	817	960	898	1345	1345	1345	1345	1345	1345
Less: 30% of Mon Adj Inc	(190.00)	(257.50)	(382.50)	(507.50)	(507.50)	(507.50)	(507.50)	(632.50)	(757.50)	(882.50)	(1,007.50)	(1,132.50)	(1,257.50)
HAP	670.00	1,087.50	962.50	837.50	309.50	452.50	390.50	712.50	587.50	462.50	337.50	212.50	87.50
Underwriting Income													
HAP (Gross up 115%)	770.50	1,250.63	1,106.88	963.13	355.93	520.38	449.08	819.38	675.63	531.88	388.13	244.38	100.63
Monthly gross Inc	666.67	938.33	1,355.00	1,771.67	1,771.67	1,771.67	1,771.67	2,188.33	2,605.00	3,021.67	3,438.33	3,855.00	4,271.67
Total	1,437.17	2,188.96	2,461.88	2,734.79	2,127.59	2,292.04	2,220.74	3,007.71	3,280.63	3,553.54	3,826.46	4,099.38	4,372.29
Max Housing Debt	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%
P + I (26% of Total Inc)	373.66	569.13	640.09	711.05	553.17	595.93	577.39	782.00	852.96	923.92	994.88	1,065.84	1,136.80
Tx/Ins (7%of Monthly Debt)	100.60	153.23	172.33	191.44	148.93	160.44	155.45	210.54	229.64	248.75	267.85	286.96	306.06
Total Monthly Payment	474.27	722.36	812.42	902.48	702.11	756.37	732.84	992.54	1,082.61	1,172.67	1,262.73	1,352.79	1,442.86
1st Mortgage - Max housing debt ratio of 33%													
Eqv @ 8% 30yrs	$51,264	$78,080	$87,815	$97,550	$75,891	$81,757	$79,214	$107,285	$117,020	$126,755	$136,490	$146,224	$155,959
Purchase Price	$52,802	$80,422	$90,449	$100,476	$78,168	$84,210	$81,590	$110,503	$120,530	$130,557	$140,584	$150,611	$160,638
3% Down Payment	$1,538	$2,342	$2,634	$2,926	$2,277	$2,453	$2,376	$3,219	$3,511	$3,803	$4,095	$4,387	$4,679

1st and 2nd Mortgage Scenario Using HAP to pay down 2nd Mortgage

	Individual with a Disability	Boston 3 BdRm	Boston 3 BdRm	Boston 3 BdRm	Springfield 3 BdRm	Lowell 3 BdRm	Brockton 3 BdRm	Boston 3 BdRm	Boston 3 BdRm	Boston 3 BdRm	Boston 3 BdRm	Boston 3 BdRm	Boston 3 BdRm
Gross Income	8,000.00	11,260.00	16,260.00	21,260.00	21,260.00	21,260.00	21,260.00	26,260.00	31,260.00	36,260.00	41,260.00	46,260.00	51,260.00
Annual Adj Income	7,600.00	10,300.00	15,300.00	20,300.00	20,300.00	20,300.00	20,300.00	25,300.00	30,300.00	35,300.00	40,300.00	45,300.00	50,300.00
Monthly Adj Inc	633.33	858.33	1,275.00	1,691.67	1,691.67	1,691.67	1,691.67	2,108.33	2,525.00	2,941.67	3,358.33	3,775.00	4,191.67
Payment Standard	860	1345	1345	1345	817	960	898	1345	1345	1345	1345	1345	1345
Less: 30% of Mon Adj Inc	(190.00)	(257.50)	(382.50)	(507.50)	(507.50)	(507.50)	(507.50)	(632.50)	(757.50)	(882.50)	(1,007.50)	(1,132.50)	(1,257.50)
HAP	670.00	1,087.50	962.50	837.50	309.50	452.50	390.50	712.50	587.50	462.50	337.50	212.50	87.50
Underwritng Income - 1st Mortgage													
Monthly Gross Income	666.67	938.33	1,355.00	1,771.67	1,771.67	1,771.67	1,771.67	2,188.33	2,605.00	3,021.67	3,438.33	3,855.00	4,271.67
Max Housing Debt	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
P + I (26% of employ inc)	173.33	243.97	352.30	460.63	460.63	460.63	460.63	568.97	677.30	785.63	893.97	1,002.30	1,110.63
Tx/Ins (9%of Monthly Debt)	60.00	84.45	121.95	159.45	159.45	159.45	159.45	196.95	234.45	271.95	309.45	346.95	384.45
Total Monthly Payment	233.33	328.42	474.25	620.08	620.08	620.08	620.08	765.92	911.75	1,057.58	1,203.42	1,349.25	1,495.08
Housing Assistance for 2nd Mortgage													
Maintenance/Replacement Reserve	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00
Utilities	100.00	160.00	160.00	160.00	160.00	160.00	160.00	160.00	160.00	160.00	160.00	160.00	160.00
Adjusted HAP	495.00	852.50	727.50	602.50	74.50	217.50	155.50	477.50	352.50	227.50	102.50	-	-

1st and 2nd Mortgage Scenario													
1st Mortgage 8% 30yr	$23,779.96	$33,470.29	$48,332.76	$63,195.23	$63,195.23	$63,195.23	$63,195.23	$78,057.70	$92,920.18	$107,782.65	$122,645.12	$137,507.59	$152,370.06
2nd Mortgage 8% 15yrs[1]	$67,910.07	$89,800.81	$76,633.54	$63,466.26	$7,847.70	$22,911.06	$16,380.09	$50,298.99	$37,131.71	$23,964.44	$10,797.17	$0.00	$0.00
Total Combined Mortgage	$91,690	$123,271	$124,966	$126,661	$71,043	$86,106	$79,575	$128,357	$130,052	$131,747	$133,442	$137,508	$152,370
Purchase Price	$94,441	$126,969	$128,715	$130,461	$73,174	$88,689	$81,963	$132,207	$133,953	$135,700	$137,446	$141,633	$156,941
3% Down Payment	$2,751	$3,698	$3,749	$3,800	$2,131	$2,583	$2,387	$3,851	$3,902	$3,952	$4,003	$4,125	$4,571

[1] For individual with a disability the term of the 2nd Mortgage is 30 years because there is no limit on the term of the Housing Assistance

Interest rate	8%
	6%

APPENDIX G
AFFORDABLE ASSISTED LIVING DEVELOPMENT FINANCE EXAMPLE

Osage Garden Apartments, Bentonville, Arkansas

45 units - 34 zero bedroom (380 sq. ft.); 11 one bedroom (+/-450 sq. ft.)

Location: Bentonville, Arkansas – a growing community (approximately 4.5% per year) of 20,000 in Northwest Arkansas.

In a residential neighborhood that includes: Senior apartments, senior cottages, a senior activity center, and single-family homes. Adjoins a new medical park that will include hospital, doctors' offices, etc.

Architecture: One-story, residential craftsman style with porches and dormers; brick wainscoat and accents; vinyl siding; 30-year asphalt roofing. The building is configured as an irregularly shaped pentagon with an interior courtyard accessible from three points within the building.

Concept: To provide low-income seniors with an assisted living alternative that will promote dignity, individuality, privacy and the decision-making ability of residents in a home-like setting.

Services: Per State Regulations

- Assistance with the activities of daily living
- 24 hour staff supervision by awake staff
- Assistance obtaining emergency care 24 a day
- Assistance with social, recreational, and other activities
- Assistance with transportation
- Linen service
- 3 meals a day
- Medication assistance (as permitted under the Nurse Practices Act)

Real Estate Development Process

1. Prepared a pre-development budget to minimize surprise.
2. Market Study – Used someone with experience in studies for Assisted Living, who also reviewed the impact of state regulations on feasibility.
3. Site Selection – adjacent to compatible existing development; considered cost, cost to prepare for development; avoided floodplains, wetlands, poor soils, and other environmental (Phase I) issues.
4. Selection of Design and Other Consultants –

- Visited a variety of assisted living facilities – for profit and non-profit
- Received a statement of qualifications from architects that listed previous work. Went to look at the architect's work; also spoke to the architect's clients, staff members and residents living with the building.
- Sought designers with experience, including experience in assisted living and other senior housing design. Attempted to find someone aware of the state regulations that will affect your project's design.
- Entered into a "programming and master planning" scope of work that was relatively inexpensive. It gave us the information we needed for several funding applications (a schematic and cost estimate) and it gave us a chance to work with the architect on a limited scope.
- Other consultants: NCBDC – well, we had already worked with them, and didn't really think about anyone else for this project. Items to note, however – experience with AL, financial know-how, design expertise, contacts with other "experts", work with regulators/states.

5. Feasibility Analysis/Pro forma
    - Listed "Uses" – including all hard and soft costs – and included a contingency for each.
    - Sources – both construction financing and permanent financing
    - Worked with a local bank who has access to Federal Home Loan Bank CIP monies to provide us with a cost effective construction and long-term loan product.
    - Funding Applications – considered timing, restrictions placed on project by sources, looked for possible conflicts between sources.
    - Local sources were important. We promoted the idea of the project in our community early on in the process – obtaining broad based community support that was helpful throughout development, lease-up, and operation. We needed some lead time to get Phase I Environmental, Title Work, Appraisal, Site Control, Zoning etc. Lenders also needed this information.
6. Design Development
    - Worked closely with architect to insure the features we liked and need were included. Started contractor selection at this point so that the architect could begin to work with the contractor on issues regarding local materials, building practices, etc. We also brought your interiors person on at this time – their work and our decisions regarding finishes can have major impacts on the cost of the project.
7. Contractor Selection
    - We selected a contractor on the basis of their qualifications and their overhead expenses.. We found a contractor that had experience in nursing home, extended stay hotel, and multi-family

housing construction. We emphasized to the architect, interior designer, and the contractor that we wanted to create a home-like environment to avoid ending up with details, finishes and specifications suited to institutional use (most institutional finishes and details cost more, too). Our contractor was willing to work with us to provide ongoing cost estimates that reflect the many decisions that were made during design/development.

8. Construction Drawings
    - Made sure everyone is talking – architect, contractor, site and mechanical engineers, interior designer, etc. We had a few team meetings during this process.
9. Cost Estimating and Value Engineering
    - This was an ongoing process – from schematics forward. We tried to have a list of alternatives and their prices so that in the end we could establish priorities and pick and choose the items that are most important. We always left a contingency for unexpected items/regulations/problems.
10. Loan Closing
    - With several sources we had more than one closing. We worked closely with lender and title company to avoid surprises and delays.
11. Construction
    - Met with the contractor regularly
    - Visited the site regularly

Services Development

1. Identifying provider
    - Looked at options: Home Health Group, Professional Management Co., Ourselves, and Local Hospitals. Our local Home Health Groups were not interested, we did not like the idea of bringing in a group that did not really have allegiance to the community, we are in the housing business / did not want to be in the service business, and finally, one of our two local hospitals showed an interest. Fortunately, Mercy Health, a local non-profit hospital group had an interest in the project. They already provided Home Health and Adult Day Care in the community and they saw it as an extension of their existing mission.
2. Services Agreement
    - Based on the regulations. We chose to keep real estate separate from services in everyway and our agreement reflects that position. However, we work very closely with Mercy – daily, in fact, on lease-up, ongoing building issues, and state processes.

John H. Whitaker Place, Penacook, New Hampshire[125]
www.whitakerplace.org

Model Type
John H. Whitaker Place is a new construction project of supportive housing apartments and community health center in a rural setting. The project uses 501(c)3 tax-exempt bonds as the backbone of a streamlined development financing package, which includes a combination of rental assistance and Medicaid waivers to subsidize services and housing operations. 501(c)3 tax exempt bonds are the most readily available below-market financing source and involve fewer regulatory issues than volume-cap tax-exempt bonds (which are combined with the programmatically complex low-income housing tax credit program).

Background
John H. Whitaker Place is located in rural area near Concord, New Hampshire. A not-for-profit 501(c)3 organization was established to develop the project, drawing from community leaders, healthcare providers, neighbors, residents' family members. In 1998, New Hampshire's Department of Elderly and Adult Services, in conjunction with Housing Finance Authority, issued a request for proposals for pilot projects to implement affordable assisted living using tax exempt bond financing, rental housing assistance and the state Medicaid waiver, Home and Community-Based Care for Elderly Adults. The facility is shared with Riverbend Elder Services, a community mental health outpatient office. In 2002, John H. Whitaker Place was honored with an NCB Development Corporation /American Association of Homes and Services for the Aging Affordable Assisted Living Award.

Property overview:

- The property has 50 units, 6 studios, 42 one-bedrooms, and 2 two-bedrooms. All low income units are one-bedrooms.
- Eleven units are designated for low-income residents, receive Section 8 rental assistance and Medicaid waiver support. The remaining 39 units are designated for moderate income residents, limited to 175 percent of area median income. The current income range of residents is $6,360 to $64,531, with average income of $23,336. Median income in the Concord, New Hampshire, area is $59,090.
- Rent for low-income units set at $505 (residents pay 30 percent of monthly income). Service costs for low-income residents are $1,500 per month or $50 per day, paid by Medicaid waiver.
- Monthly rent for moderate-income studios set at $2,048, one bedrooms at $2,573, two bedroom units at $2,888. These rents are approximately $900 less than market-rate assisted living facilities in Concord.
- Currently, the property houses 40 women and 11 men, with an age range between 58 and 96 years, average 81 years.

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[125] *Adapted from: Scheutz, "Affordable Assisted Living: Surveying the Possibilities", Joint Center for Housing Studies, Harvard University and Volunteers of America, January 2003. This paper is an excellent primer on affordable assisted living and is available for free at: http://www.jchs.harvard.edu/.*

- Ninety percent of residents receive assistance with ADLs, most need medication management. For the remainder of residents, the spouse needs assistance.
- Services provided include two meals served daily, housekeeping, nursing, recreation, transportation, ADL assistance, and medication management.
- Building facilities include living room, dining room, community room, library, solarium, wellness center, hair salon, and laundry. Building and apartments are designed to be accessible and elder-friendly. Apartments include kitchen facilities for residents' use.

Development timeline

- Spring 1998 Dept of Elderly and Adult Services issues RFP, Riverbend team responded
- Spring 1999 Construction begins
- May 2000 Construction complete; John H. Whitaker Place opens

Development/permanent financing

Development costs		Development sources	
Land & buildings	$4,353,000	Tax-exempt 501(c)3 bonds 7 percent interest, 30 years	$5,060,000
Soft costs	580,000	HOME loan (30 year deferred)	650,000
Developer	530,000	Developer loans	348,000
Reserves	595,000		
Total		Total	$6,058,000
Per unit cost	$121,000		

Operating subsidies

Operating costs (monthly)		Operating income (monthly)	
Admin (mgt, van, office	$46,500	Rental income	
Dietary	16,000	Low Income ($505)	5,550
Utilities	8,000	Moderate Income (bundled with services)	95,480
Transport & recreation	6,500	Services Income (Medicaid)	16,500
Services	25,600	Misc (includes 6% vacancy)	667
Housekeeping	10,800		
Total (including $1.25K reserve)	113,400	Total	118,197
Per unit monthly	2,268		

Other Issues

- John H. Whitaker Place used 501(c)3 tax-exempt bonds, rental assistance and Medicaid waivers to achieve development without tax credits. The development team had initially explored using tax credits, but 501(c)3 bonds proved to be a better way to support development costs and avoided some of the regulatory issues and investor concerns. Together with HOME funds and developer loan, a relatively simple and effective financing package was achieved.
- The project has clearly met local demand; the I1 apartments designated for low-income residents filled prior to opening and have a continuing waiting list. The moderate rate apartments filled to 90 percent occupancy within one year of opening. The Board overseeing the project makes used of strong ties to existing community institutions.
- The dependence on Medicaid requires continuous commitment of state agencies to provide long-term service funding.
- Since opening, staffing costs have escalated, requiring additional funding.
- The initial plan expected to receive 25 Medicaid waivers, half of the state allocation.
- Eventually the project was allotted only 11 waivers, necessitating a reduction in the number of low-income units.
- Under New Hampshire regulations, the facility is not required to be licensed for assisted living.

APPENDIX H
EXAMPLE OF HOW VIRGINIA MIGHT SAVE BY DIVERTING FRAIL ELDERS FROM NURSING HOMES TO ASSISTED LIVING

The following example illustrates possible savings from nursing home diversion to assisted living in Virginia. This calculation is intended to help stimulate further collaboration between the housing agencies and the services agencies.

Virginia might spend less per person if it received a Medicaid waiver and substituted the assisted living reimbursement rate used by one of its border states for Virginia's current, very low reimbursement rate.

Virginia currently reimburses an average of $103 per day for nursing care. Assuming a 50% Federal Medicaid match, the cost to the state per day is about $51.[126]

If Virginia adopted the North Carolina assisted living reimbursement formula, the maximum daily rate would be $31.69. Subtracting the 50% Federal Medicaid match, the cost to Virginia would be about $16.

Out of the maximum (N. Virginia) Auxiliary Grant monthly payment of $967, the Federal government pays the SSI portion of $552, leaving a state monthly cost of $415 or daily cost of $14.

The total cost to the state for assisted living per day of $16 (services reimbursement) plus $14 (Auxiliary Grant) is $30. This compares favorably to the $51 per day the state pays for nursing care.

Although we will not be able to come up with an example that was acceptable to all parties, we believe another way Virginia might spend less per person would be to shift a portion of the Auxiliary Grant to a Medicaid Waiver where state funding would receive a Federal match. This possibility may warrant further examination.

[126] *This savings will not be realized for every resident because the average cost varies among facilities. The savings will be less for some and greater for others.*

APPENDIX I
PROGRAM PARTICIPANTS BY TYPE OF HEAD OF HOUSEHOLD

VHDA's Voucher Program Participants by Type of Head of Household as of June 9, 2003

Agency Name	Total House-holds	Participant Households					
		Non-Elderly Disabled		Elderly		Non-Elderly Non-Disabled	
		#	%	#	%	#	%
Buchanan County Board of Supervisors	151	68	45.0%	13	8.6%	70	46.4%
Campbell DSS Rental Assistance Office	151	51	33.8%	42	27.8%	58	38.4%
Carroll County DSS	114	40	35.1%	36	31.6%	38	33.3%
Central Virginia Housing Coalition	718	172	24.0%	79	11.0%	467	65.0%
Central Virginia Resource Center	1,008	357	35.4%	79	7.8%	572	56.7%
Chesterfield County DSS	496	94	19.0%	32	6.5%	370	74.6%
Craig County	34	10	29.4%	8	23.5%	16	47.1%
Dickenson Rental Assistance Office	223	105	47.1%	29	13.0%	89	39.9%
Dinwiddie County DSS	75	20	26.7%	5	6.7%	50	66.7%
Fauquier Community Action Committee	207	50	24.2%	37	17.9%	120	58.0%
Fluvanna-Louisa County Housing Foundation	164	33	20.1%	16	9.8%	115	70.1%
Gloucester County Dept Of Housing Programs	195	63	32.3%	26	13.3%	106	54.4%
Goochland County DSS	22	7	31.8%	1	4.5%	14	63.6%
Grayson County Rental Assistance Office	84	25	29.8%	23	27.4%	36	42.9%
Hanover Community Services Board	76	45	59.2%	10	13.2%	21	27.6%
Harrisonburg-Rockingham CSB	40	36	90.0%	3	7.5%	1	2.5%
Henrico Area MHRS	167	127	76.0%	4	2.4%	36	21.6%
Isle Of Wight DSS Rental Assistance Office	142	49	34.5%	20	14.1%	73	51.4%
Junction Center For Independent Living	44	30	68.2%	2	4.5%	12	27.3%

Lancaster County	65	5	7.7%	3	4.6%	57	87.7%
Lynchburg Community Action Group	211	58	27.5%	25	11.8%	128	60.7%
Manassas DSS	194	27	13.9%	36	18.6%	131	67.5%
Nelson County Community Development Foundation	38	11	28.9%	10	26.3%	17	44.7%
Northumberland DSS	42	0	0.0%	1	2.4%	41	97.6%
Orange County Committee On Housing	140	43	30.7%	40	28.6%	57	40.7%
Pembroke Management Inc.	620	196	31.6%	109	17.6%	315	50.8%
Pittsylvania Community Action Agency Inc	100	22	22.0%	11	11.0%	67	67.0%
Powhatan County DSS	45	15	33.3%	7	15.6%	23	51.1%
Prince George Housing Office	151	32	21.2%	8	5.3%	111	73.5%
Radford Rental Assistance Office	122	44	36.1%	22	18.0%	56	45.9%
Rappahannock-Rapidan CSB	163	87	53.4%	12	7.4%	64	39.3%
Region Ten Community Services Board	182	168	92.3%	10	5.5%	4	2.2%
Richmond Residential Services Inc	69	68	98.6%	0	0.0%	1	1.4%
Rockbridge Area Rental Assistance Office	169	61	36.1%	43	25.4%	65	38.5%
Rooftop of Virginia CAP	111	33	29.7%	26	23.4%	52	46.8%
Russell County Rental Assistance Program	228	97	42.5%	36	15.8%	95	41.7%
Shenandoah County DSS	278	88	31.7%	71	25.5%	119	42.8%
Skyline CAP Inc.	184	33	17.9%	34	18.5%	117	63.6%
Smyth County DSS	130	55	42.3%	26	20.0%	49	37.7%
STEP Inc.	114	31	27.2%	25	21.9%	58	50.9%
Sussex County	108	20	18.5%	17	15.7%	71	65.7%
Tazewell County DSS	243	85	35.0%	50	20.6%	108	44.4%
Westmoreland Housing Coalition	57	6	10.5%	3	5.3%	48	84.2%
Winchester DSS	215	88	40.9%	29	13.5%	98	45.6%
Wythe County DSS	135	45	33.3%	18	13.3%	72	53.3%
York County Housing Office	233	55	23.6%	20	8.6%	158	67.8%
Total	**8,458**	**2,855**	**33.8%**	**1,157**	**13.7%**	**4,446**	**52.6%**

P:\Crystals\65 Residents\Elderly-Disabled HOH.rpt (6/9/2003)

*HUD disability programs include: "Mainstream" Vouchers; "Certain Developments" Vouchers; and "Designated Housing" Vouchers -- Note: VHDA has received a total of 241 "Mainstream" Vouchers from HUD, but 84 have subsequently been transferred to local PHAs for direct administration with HUD.

HUD National Comparative Data as of September 2000

Geographic Area	Reported HHs	Non-Elderly Disabled	Elderly	Non-Elderly Non-Disabled
U.S.	1,462,106	22.3%	16.9%	60.8%
Virginia	28,371	24.0%	13.5%	62.5%
VHDA (total)	**8,690***	**33.8%**		**52.5%**
Norfolk-VA Beach-Newport News VA-NC MSA (all PHAs)	9,462	17.3%	10.8%	71.9%
Washington DC-MD-VA-WV MSA (all PHAs)	19,182	17.8%	14.0%	68.2%

Source: "Housing Choice Voucher Location Patterns: Implications for Participant and Neighborhood Welfare," HUD, Office of PD&R, August 2002

*This number is 232 higher than VHDA's June 2003 household count due the additional turn-back of units to localities for direct administration with HUD that occurred between September 2000 and June 2003.